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SUGAR CONTENT OF CERTAIN ARTICLES FROM AUSTRALIA

ORIGINAL

105

Determination of the Commission in
Investigation No. 104-TAA-26
Under Section 104(b) of the
Trade Agreements Act of
1979, Together With the
Information Obtained in the
Investigation

USITC PUBLICATION 1748

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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Paula Stern, Chairwoman
Susan W. Liebeler, Vice Chairman
Alfred E. Eckes
Seeley G. Lodwick
David B. Rohr

Staff assigned:

Ilene Hersher, Investigator
Lowell Grant, Industry Analyst
Holly Glenn, Economist
Marvin Claywell, Accountant
Stephen McLaughlin, Attorney

Vera Libeau, Supervisory Investigator

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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Note.—Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 104-TAA-26

SUGAR CONTENT OF CERTAIN ARTICLES FROM AUSTRALIA

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 104(b) of the Trade Agreements Act of 1979 (19 U.S.C. § 1671 note), that industries in the United States would not be materially injured or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports of the sugar content of certain articles from Australia 2/ if the countervailing duty order covering those imports were to be revoked.

Background

The outstanding countervailing duty order was issued on March 24, 1923, as a result of an investigation that was conducted by the U.S. Department of Treasury after the predecessor of the National Food Processors Association filed a countervailing duty petition in 1922.

On September 9, 1982, the U.S. International Trade Commission received a request from the Government of Australia to review the outstanding countervailing duty order under section 104(b)(1) of the Trade Agreements Act of 1979 to determine whether an industry in the United States would be

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).

2/ Imports covered by the investigation are canned peaches, classified in items 148.77 and 148.78 of the Tariff Schedules of the United States, canned pears, classified in TSUS item 148.86, and canned fruit mixtures, classified in TSUS item 150.05. The Commission terminated the investigation as to all other products covered by the outstanding countervailing duty order with a finding that no domestic industry would be materially injured or threatened with material injury, nor would the establishment of a domestic industry be materially retarded, by reason of the revocation of the countervailing duty order (50 F.R. 29001, July 17, 1985 and 50 F.R. 35170, August 29, 1985).

materially injured, or threatened with material injury, or the establishment of an industry would be materially retarded, by reason of the sugar content of certain articles from Australia if the oustanding countervailing duty order regarding such merchandise were to be revoked. Accordingly, on May 9, 1985, the Commission instituted investigation No. 104-TAA-26, concerning the sugar content of certain articles from Australia.

Notice of the institution of the Commission's investigation and of a hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on May 30, 1985 (50 F.R. 23086). The hearing was held in Washington, DC on July 18, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that the domestic industries producing canned fruit products containing sugar would not be materially injured or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports of canned Bartlett pears, canned clingstone peaches, and canned fruit mixtures from Australia, all of which contain sugar, if the countervailing duty (CVD) order covering such imports were revoked. 1/ 2/

We determine that revocation of the CVD order will not cause imports from Australia to have a significant effect on prices of the three like products in the U.S. market nor will it cause there to be a significant increase in the volume of each of these products imported from Australia. Therefore, having also considered the past and present performance of the domestic industries and the conditions of competition in the relevant markets, we determine that the domestic industries would not be materially injured or threatened with material injury by reason of revocation of the CVD order.

We note at the outset that the purpose of section 104 of the Trade Agreements Act of 1979 3/ is to provide an opportunity for an injury determination with respect to merchandise for which a CVD order was issued under section 303 of the Tariff Act of 1930. 4/ Section 303 did not require a determination of injury before the imposition of the CVD order. Instead of an evaluation of whether a domestic industry is currently materially injured or

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1/ The issue of whether the establishment of a domestic industry would be materially retarded were the countervailing duty order revoked was not an issue in this investigation and therefore will not be discussed further.

2/ A complete list of products covered by the original CVD order is provided in the Report of the Commission (Report) at A-1-A-2.

3/ Pub. L. 96-39, § 104.

4/ 19 U.S.C. § 1303(a)(1).

threatened with material injury, section 104(b) determinations assume that any subsidy is being offset by the existing CVD order and requires the Commission to forecast what will happen if the CVD order is revoked.

In forecasting the future effect of imports of certain canned fruit products containing sugar from Australia on the domestic industry should the CVD order be revoked, we engaged in a two-step analysis. Initially, we considered the probable impact that revocation of the CVD order would have on imports of the countervailed goods. Second, we considered whether the domestic industries would be materially injured or threatened with material injury by reason of such subsidized imports.

Like product and the domestic industry 5/

Since section 104 review cases involve CVD orders entered without the benefit of a material injury determination, there has been no prior "like product" determination. Section 104(e), however, expressly incorporates the definitions contained in section 771 of the Tariff Act of 1930. 6/ Thus, the definitions set forth there for "like product" and "industry" are applicable in this investigation. The term "industry" is defined in section 771(4)(A) as including the domestic producers of the "like product," which, in turn, is defined in section 771(10) as "a product which is like or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 7/

The imported articles from Australia subject to this investigation are canned Bartlett pears, canned clingstone peaches, and canned fruit mixtures,

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5/ See Additional Views of Commissioner Eckes regarding his views on the appropriate scope of the domestic industries in this investigation.
6/ Pub. L. 96-39, § 304.
7/ 19 U.S.C. § 1677(10).

all of which contain sugar. Each of the imported products is produced domestically. Bartlett pears are virtually the sole variety used for canning in both the United States and Australia. 8/ In 1984, over 75 percent of U.S. canned Bartlett pear production, packed by canners using sugar, actually contained sugar. 9/ Canned peaches are produced from both clingstone and freestone varieties in the United States. Clingstone peaches account for over 90 percent of the annual U.S. production of canned peaches and are the sole variety canned in Australia. 10/ In 1984, over 75 percent of the total canned peach production, packed by canners using sugar, actually contained sugar. 11/

Canned fruit mixtures are generally produced between production runs for canned peaches and pears and are blended from those and other fruits. In 1984, over 75 percent of total canned fruit mixtures production, packed by canners using sugar, actually contained sugar. 12/ The principal types of canned fruit mixtures are: fruit cocktail (peaches, pears, grapes, pineapples, and cherries), fruitmix (peaches, pears, and grapes), chunky mixed fruit (quartered or diced peaches, pears, and pineapples), fruit salad (peaches, pears, cherries, pineapples, and apricots), and tropical mixed fruit (grapefruit, bananas, pineapples, and other tropical fruit). Fruit cocktail and fruit mix are the principal types produced in the United States; fruit cocktail and two fruits combined are the major types produced in Australia. 13/

8/ Report at A-5.

9/ *Id*. at A-13. Production of cannned fruits includes both packs containing sugar and those not containing sugar. Given that the like products consist of certain canned fruit products containing sugar, production without sugar has been eliminated from industry aggregate data whenever possible. Producers who do not use sugar in their processing are not included in industry wide data. However, many of the processors who use sugar also produce products without sugar. Some of that data could not be separated for production containing sugar and not containing sugar.

10/ *Id*. at A-5.

11/ *Id*. at A-13.

12/ *Id*. at A-14.

13/ *Id*. at A-6.

Based upon the record developed in this case, we determine that there are three separate like products: canned Bartlett pears containing sugar, canned clingstone peaches containing sugar, and canned fruit mixtures containing sugar. 14/ Each of these canned fruit products has characteristics clearly distinguishing it from the others. Moreover, each of these canned fruit products contains sugar, a characteristic distinguishing them from similar products packed in natural juices or sugar substitutes. The difference in caloric content between these products have produced different markets for them. Finally, there are adequate data permitting separate identification of production of each product in terms of such criteria as the production processes or the producer's profits.

While the term "domestic industry" means the domestic producers of the "like product," the Commission has, in certain investigations involving agricultural products, included the growers of the raw agricultural product with the processors of the like product in a single domestic industry. 15/ In

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14/ We note that none of the parties participating in this investigation has argued that there is anything other than three like products.

15/ The Commission has included growers within the definition of the industry producing the processed product in the following cases: Certain Red Raspberries from Canada, Inv. No. 731-TA-196 (Preliminary), USITC Pub. 1565 (1984) and 1707 (Final) (1985); Lamb Meat from New Zealand, Inv. No. 701-TA-80 (Preliminary), USITC Pub. 1191 (1981), and Invs. Nos. 701-TA-214 and 731-TA-184 (Preliminary), USITC Pub. 1534 (1984); Frozen Concentrated Orange Juice from Brazil, Inv. No. 701-TA-84 (Preliminary), USITC Pub. 1283 (1982) and 1406 (Final) (1983); and Sugar from the European Community, Inv. No. 104-TAA-7, USITC Pub. 1247 (1981). See also S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979).

The Commission has not included growers within the definition of the industry producing the processed product in the following cases: Live Swine and Pork from Canada, Inv. No. 701-TA-224 (Final), USITC Pub. 1733 (1985); Certain Table Wines from France and Italy, Invs. Nos. 701-TA-210-211 (Preliminary), USITC Pub. 1502 (1984); Frozen French Fries from Canada, Inv. No. 731-TA-3 (Preliminary), USITC Pub. 1259 (1982); Instant Potato Granules from Canada, Inv. No. AA1921-97, USITC Pub. 509 (1972); Canned Hams and Shoulders from Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom, Invs. Nos. 701-TA-31-39 (Final), USITC Pub. 1082 (1980).

such investigations, the Commission included growers within the scope of the domestic industry when the record indicated that all or most of the raw product entered into a single, continuous line of production resulting in the processed product and when there was sufficient "integration of economic interest" between growers and processors.

In determining whether there is a single, continuous line of production, the Commission examined the percentage of the raw product that was used to process the like product. In this investigation, the data revealed that substantially less than 75 percent of U.S. production of Bartlett pears are processed into canned Bartlett pears containing sugar or canned fruit mixtures containing sugar. 16/ Those Bartlett pears that are not processed are sold in the fresh market. For clingstone peaches the data revealed that substantially less than 70 percent of production was processed into canned clingstone peaches containing sugar and less than 20 percent of production was processed into canned fruit mixtures containing sugar. 17/ Because a significant amount of Bartlett pears and clingstone peaches are not each processed into a single

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16/ While approximately 75 percent of Bartlett pears are processed, a smaller amount actually is canned. Moreover, Bartlett pears are processed into two different lines of production--canned Bartlett pears and canned fruit mixtures. Further, an even lesser amount are processed into canned Bartlett pears containing sugar and canned fruit mixtures containing sugar, two of the like products in this investigation. Between 1982 and 1984, the percentages of production of canned Bartlett "pears" not containing sugar and canned fruit mixtures not containing sugar increased steadily and significantly. Report at A-13.

17/ While most clingstone peaches are sold to processors, a smaller amount is actually canned. Approximately 70-75 percent of clingstone peaches are processed into canned clingstone peaches and 20-25 percent are processed into canned fruit mixtures. Prehearing Brief of the California Cling Peach Advisory Board at 5. A significantly smaller amount of canned clingstone peaches and canned fruit mixtures contain sugar. Between 1982 and 1984, the percentage of nonsugared production of canned clingstone peaches and canned fruit mixtures increased steadily and significantly. Report at A-13-A-14.

like product, the raw products are not part of a single, continuous line of production.

In considering the degree of economic integration between growers and processors, the Commission has reviewed a variety of factors including the degree of interlocking ownership and participatory pricing contracts between growers and processors. The data available in this investigation reveal that cooperatives process about 50 percent of total Bartlett pear and clingstone peach production. The other 50 percent of production is sold by growers on the spot market to independent processors including the industries' largest producers, mostly on a cash basis. 18/ We therefore conclude that the requisite degree of economic integration is lacking.

On the basis of the information above, the Commission has decided not to include growers of Bartlett pears and clingstone peaches within the scope of any of the three domestic industries. 19/

Likely effect of revocation of the CVD order on imports from Australia

Assessing the behavior of exporters and importers once the CVD order is lifted is the first step in determining whether an industry in the United

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18/ Id. at A-10.

19/ The Commission notes it continues to be concerned with including growers within the scope of a domestic industry in certain agricultural cases. It is not necessary in this investigation, however, to make any general pronouncements regarding the propriety of inclusion of growers since their inclusion would in no way affect the outcome of this case. Even if growers were included in the scope of the domestic industry it would not affect the fundamental conclusion that the industry is healthy and not likely to suffer material injury or threat thereof by reason of imports from Australia if the CVD order is revoked. However, the Commission will have to consider these issues again in the future and requests the parties in such future investigations to address these issues in detail in their submissions.

Vice Chairman Liebeler refers to her Additional and Dissenting Views of Vice Chairman Liebeler, Live Swine and Pork from Canada, Inv. No. 701-TA-224 (Final), USITC Pub. 1733 at 19-21 (1985).

Commissioner Eckes does not join the discussion in this footnote.

States would be materially injured or threatened with material injury by reason of imports from Australia if the CVD order is revoked. Such an assessment involves a consideration of the following factors:

(a) whether the underlying subsidy has increased or decreased;
(b) how stable the net subsidy is;
(c) trends in import volumes and price, including
    (i) rates of increase or decrease
    (ii) capacity to generate exports to the United States, and
    (iii) availability of other export markets.

The CVD order covering the products subject to investigation has been in effect since 1923, as a result of a petition filed by the predecessor of the National Food Processors Association. 20/ Prior to the institution of this review investigation, the CVD order covered a wide range of processed food products containing sugar. 21/

The subsidy that is being offset by the CVD order has increased in recent years. The subsidy, however, is not provided to encourage exports of targeted products; it is provided to offset artificially high sugar costs, resulting from an embargo on imported sugar, that would otherwise put all Australian products containing sugar at a competitive disadvantage in the world market. 22/ Moreover, the recent increases are not based upon a predatory decision to target the U.S. canned fruit market but instead are essentially the result of the increasing gap between the world and the Australian market

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20/ The petition alleged that rebates allowed by the Government of Australia with respect to the sugar contained in certain articles for export constituted the payment or bestowal of a bounty within the meaning of section 303 of the Tariff Act of 1922. See 19 U.S.C. § 1303.

21/ In the course of these proceedings, the scope of the outstanding CVD order and this review investigation has been narrowed to canned Bartlett pears containing sugar, canned clingstone peaches containing sugar, and canned fruit mixtures containing sugar. See 5 Fed. Reg. 35170 (Aug. 29, 1985).

22/ Report at A-38-A-39.

price of sugar. Given the record low world price of sugar, it is unlikely that the subsidy will increase in the future and, even if it did, such increases would be minimal. 23/

The information of record indicates that there were no imports from Australia of any of the products subject to investigation from January 1983 to December 1984. 24/ In 1982, the only imports from Australia consisted of canned fruit mixtures amounting to less than 0.1 percent of apparent consumption. 25/ Imports of all three products occurred in the first half of 1985, primarily between April and June. For the month of June 1985, imports of canned Bartlett pears from Australia accounted for approximately 3.5 percent of domestic consumption, imports of canned clingstone peaches from Australia accounted for approximately 1.1 percent of domestic consumption, and imports of canned fruit mixtures from Australia accounted for approximately 1.0 percent of domestic consumption. 26/

Pricing data are necessarily sparse for Australian imports because the volume has been so small. The available data, which includes information for only one or two months, indicate that Australia's prices are competitive with U.S. prices, but are higher than the prices offered by importers from other countries. 27/

In terms of the capacity to generate exports, the number of bearing trees for Bartlett pears and clingstone peaches has remained stable or declined in

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23/ Post Hearing Brief of the Government of Australia at 10.
24/ Report at A-40, Table 19.
25/ *Id.*
26/ Calculations for market penetration for the month of June are based upon the percentage of total imports of canned fruits multiplied by the market share of total imports for the most recent period, January-March 1985. *Id.* at A-39-A-40, A-45-A-48.
27/ *Id.* at A-50-A-53, Tables 26-28.

recent years, and the Australian government is currently encouraging decreases in capacity through tree-pull assistance payments. 28/ The capacity to generate exports, therefore, is not likely to increase in the future.

Historically, Australian exports have been directed at markets other than the United States. 29/ However, Australia has lost market share in its primary markets, such as the United Kingdom and Spain, because of competition from the European Community (EC). Moreover, Australia's market share in other primary markets, such as Canada and Japan, is likely to be threatened both by increased production and subsidized competition from the EC and by imports from other countries, such as South Africa, that have similarly been displaced from the EC market. 30/

This loss of market share in other markets, however, has been ongoing since 1982, yet shipments to the United States did not occur until mid-1985, even though the countervailing duty on those imports during this period remained small. 31/ Moreover, the available data regarding relative tariff rates and relative transportation costs suggest that there are additional factors that make the U.S. market less attractive than other export markets. 32/

Trends in the ratio of Australian inventory to Australian production suggest that internal pressure to export is lessening, thereby alleviating some of the problems caused by loss of market share in the EC and

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28/ *Id*. at A-37.
29/ *Id*. at A-30-A-33.
30/ *Id*. at A-32.
31/ *Id*. at A-30-A-33.
32/ In this context, it is equally apparent that the outstanding antidumping order covering canned Bartlett pears has been effective, and will likely continue to be effective, in controlling the level of U.S. imports of canned Bartlett pears from Australia.

elsewhere. 33/ The ratio of inventory to production in Australia has declined fairly steadily for all three products during the period of investigation. In fact, those ratios have been reduced in 1985 to approximately one half the 1982 levels. 34/ While increasing somewhat, the level of imports from Australia is not likely to capture a significant market share. Moreover, there is evidence on the record that Australian imports have made up for U.S. production shortfalls due to light harvests and the growing institutional demand for canned fruits. 35/

Condition of the domestic industry

Having predicted the likely effect of revocation of the CVD order on imports from Australia, the Commission must now determine the effect of those imports on the domestic industries covered by this investigation. Fundamentally, the Commission must focus on the present condition of those industries and their ability to withstand changes in the marketplace. Factors to consider in making such a determination include:

(1) capacity,
(2) production,
(3) capacity utilization,
(4) shipments,
(5) inventory,
(6) employment,
(7) profit and loss, and
(8) investment.

The domestic industries producing canned Bartlett pears, canned clingstone peaches, and canned fruit mixtures have followed nearly identical trends in each of these areas. Separate discussion of each industry would be redundant.

33/ Report at A-33-A-38.
34/ Id. at A-38, Table 18.
35/ Id. at A-61-A-62.

All three domestic industries have experienced relatively stable capacity during the period of investigation, while production and capacity utilization have increased significantly. 36/

The number of production workers employed in the three domestic industries increased somewhat irregularly between 1982 and 1984. Hours worked, wages, and total compensation increased throughout the period of investigation for all three domestic industries. 37/

Available profit and loss data regarding overall operations and operations producing canned pears, canned peaches, and canned fruit mixtures indicate significant levels of profitability that have increased steadily and substantially throughout the period of investigation for all three domestic industries. 38/ An examination of trends in domestic prices reveals steady and substantial increases in the price of each of the three like products throughout the period of investigation. 39/ Moreover, investment in productive facilities has also increased for all three domestic industries. 40/

Conclusion

We therefore determine that revocation of the CVD order will not materially injure or threaten to materially injure the domestic industries producing canned Bartlett pears containing sugar, canned clingstone peaches containing sugar, and canned fruit mixtures containing sugar.

36/ Id. at A-13-A-15.
37/ Id. at A-18-A-20.
38/ Id. at A-20-A-27.
39/ Id. at A-49-A-54.
40/ Id. at A-21 and A-26.

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Additional Views of Commissioner Eckes

Unlike my colleagues, I conclude that circumstances unique to this investigation warrant including growers and processors of peaches in one integrated industry, and growers and processors of pears in another integrated industry.

Decisions about the scope of the like product and domestic industry are sometimes close questions, as in this Section 104 investigation. Nonetheless, it is important for the Commission to strive for determinations that are both predictable, consistent, and consonant with marketplace realities.

As noted in earlier cases, the Commission has exercised its discretion in defining an agricultural industry, relying on the presence of several factors. Among these, the Commission has considered the extent to which the raw product enters into a single line of production resulting in the processed product. The Commission has also examined the degree of economic integration between growers and packers, sometimes looking at the legal relationship between the two for guidance.

When I apply these tests to the instant investigation, I reach a different conclusion from my fellow Commissioners. With respect to whether the raw product enters a continuous line of production, it is important to note that substantially all clingstone peaches grown in the United States are devoted to the production of canned clingstone peaches. Over the three-year period covered by this investigation, the share of clingstone peaches used for all canning represented over 95 percent of utilized production annually.1/ Thus, the commercial significance of the fresh, dried, and frozen market for clingstone peaches has historically been very small. These other uses are clearly secondary, and the revenue generated from them is minor. The primary reason for growing clingstone peaches is to enter a continuous line of production leading to canned peaches.

With respect to pear production a similar conclusion is warranted. The share of Bartlett pear production used for canning has historically been somewhat smaller than for clingstone peaches. Nonetheless, over the recent three-year period, about three-fourths of the Bartlett pear crop has been processed for canning. When viewed in terms of value, it is clear that the proportion of growers' revenues generated from sales to canners has become more important. In 1982, 65

1/ A portion of the production of both canned peaches and pears includes a canned product which does not contain sugar. The share of canned production accounted for by such products, although increasing, was below 20 percent. Further, part of the peaches and pears delivered to canners, although not used for canned peaches and pears, are utilized as canned mixed fruits, most of which contains sugar. These fruit mixtures are also included in the remaining domestic industry in this investigation.

Importantly, based on questionnaire responses from canners using sugar in their canned products, well in excess of 75 percent of their production of canned peaches and pears, (as well as fruit mixtures) contains sugar.

percent of the growers' revenues from Bartlett pear production came from sales to processors. In 1984, roughly the same share of the pear crop went to processors but has generated 72 percent of grower revenues.

Turning to the second issue--the degree of integration between growers and processors--I would note that about one half of the clingstone peach and Bartlett pear crop is processed by co-operatives which are grower-owned. In short, there is substantial common ownership in both industries. By contrast, in the recently concluded Live Swine and Pork case, the Commission found two separate industries, partly because growers owned less than 5 percent of packing facilities.

More important, it is clear that for both clingstone peaches and Bartlett pears, both domestic growers and processors are similarly affected by changing market conditions, such as increased imports of canned peaches or pears. The fact that both growers and processors actively opposed removal of the outstanding order is further evidence of this marketplace situation.

I would further note that the inquiry into the appropriateness of the inclusion of growers in this and similar investigations is well-founded. The Senate Finance report is clear in its caution: ". . . nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by imports under investigation." 2/ Because of the extent to which these raw products enter a single, continuous line of production combined with the degree of economic integration between growers and processors, it is clear the imports of articles containing sugar from Australia would adversely affect growers. Thus, it is appropriate for the Commission to include them in the domestic industry.

Because of the unique nature of agricultural production and processing, I think it important that the Commission strive for a consistent approach, but at the same time avoid an overly rigid series of tests that may lead to conclusions seemingly at conflict with marketplace realities.

2/ S. Rep. No. 96-249, 96th Cong., 1st Sess. 91 (1979).

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On September 9, 1982, the U.S. International Trade Commission received a request 1/ from the Government of Australia for an investigation under section 104(b)(1) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note) to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the sugar content of certain articles from Australia if the outstanding countervailing duty order regarding such merchandise were to be revoked. 2/ Accordingly, on May 9, 1985, the Commission instituted investigation No. 104-TAA-26, concerning the sugar content of certain articles from Australia.

Imports covered by the review are "approved fruit products" and "other approved products" produced in Australia. The current list of "approved fruit products" includes the following items: jams, canned fruit, citrus peel, crystallized (or glace) fruits, certain fruit cordials, and fruit juices containing not less than 25 percent pure Australian juice. The list of "other approved products" currently includes: alcoholic beverages, biscuits, cakes, puddings, pastries and similar mixtures and ingredients used to make them, chemicals derived from cane sugar by hydrolysis, chemical preparations used as inhibitors or stabilizers, condiments, confectionery, desserts, and ingredients used to make them, drink powders and crystals, essences and flavorings, ice block mixtures, leather, icing sugar mixture, maple syrup,

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1/ A copy of the letter requesting the investigation is presented in app. A.

2/ On Jan. 1, 1980, the Trade Agreements Act of 1979 (Public Law 96-39) became effective. That act provided, in section 104(b), that "In the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930 (19 U.S.C. § 1303) . . . which applies to merchandise which is the product of a country under the Agreement, and which is in effect on January 1, 1980, . . ., the Commission, upon the request of the government of such a country . . ., submitted within 3 years after the effective date of title VII of the Tariff Act of 1930 (January 1, 1980) shall . . . commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked." The request from the Government of Australia was such a request. The act further provides in sec. 104(b) that the Commission shall issue its determination in regard to such investigation within 3 years following the receipt of a request from a government under the agreement. The Tariff Act of 1930 specifically validated prior decisions under section 303 of the Tariff Act of 1922. We interpret this validation as allowing review of outstanding countervailing duty orders issued pursuant to section 303 of the Tariff Act of 1922 in accordance with section 104(b) of the Trade Agreements Act of 1979.

medicines and drugs, mixtures used to make icings, fillings, dressings, and other foods, processed cereal foods or vegetables, processed egg products, processed milk products, quick frozen fruits, soft drinks, soups, spreads, sweetened fruit pulp and other fruit products which are not "approved fruit products." Exceptions to the above are pure sugar and pure icing sugar (that is, not mixed with other manufacturing ingredients), golden syrup, treacle, and molasses. These are regarded as sugar and sugar syrups, rather than as sugar-containing articles.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 30, 1985 (50 F.R. 23086). 1/ A public hearing in connection with the investigation was held on July 18, 1985. 2/ The Commission's briefing and vote on this investigation was held on September 3, 1985.

Origin of the Present Investigation

The countervailing duty order of concern in this investigation resulted from a petition filed with the U.S. Treasury Department by the predecessor of the National Food Processors Association in 1922, alleging that rebates allowed by the Government of Australia with respect to the sugar contained in certain articles when exported constituted the payment or bestowal of a bounty within the meaning of section 303 of the Tariff Act of 1922. The Treasury Department announced on November 16, 1922 (T.D. 39310) that it was investigating the allegations and, on March 24, 1923, published its determination (T.D. 39541) that the Australian Government granted rebates which were considered to be a bounty within the meaning of the countervailing duty law on the exportation of the sugar content of certain articles.

The Nature and Extent of the Subsidies

On March 24, 1923, in T.D. 39541, the Treasury Department announced that the sugar content of certain articles imported directly or indirectly from Australia would be subject to the payment of a countervailing duty equal to the net amount of the rebate determined to have been paid or bestowed at a rate of 14 pounds sterling per ton 3/ on the Australian sugar content of certain articles when exported. Subsequent notices, the last of which was T.D. 79-216 (44 F.R. 45923, August 6, 1979), amended the countervailing duty rates.

On January 1, 1980, the provisions of title 1 of the Trade Agreements Act of 1979 became effective, and on January 2, 1980, the authority for administering the countervailing duty law was transferred from the Treasury

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1/ A copy of the Commission's notice of the investigation is presented in app. B.

2/ A calendar of the public hearing is presented in app. C.

3/ In long tons of 2,240 pounds.

Department to the Department of Commerce. On May 13, 1980 (45 F.R. 31455), Commerce published a notice of intent to conduct administrative reviews of all countervailing duty orders. In the Federal Register of October 8, 1982 (47 F.R. 44601), Commerce announced that it had conducted an administrative review of the countervailing duty order on the sugar content of certain articles from Australia. Commerce determined that export rebates which are fixed and published by the Export Sugar Committee on a monthly basis are granted through the Export Sugar Rebate System when the world "parity" price of sugar is lower than the price of sugar in Australia.

According to the final results of Commerce's most recent administrative review published in the Federal Register of July 30, 1984 (49 F.R. 30343), 1/ the subsidies applicable to Australian exports of the sugar content of certain articles are Aus. $71.78 per metric ton of sugar content of approved fruit products and Aus. $82.20 per metric ton of sugar content of other approved products; this review covered the period January 1, 1983, through December 31, 1983. The final results of Commerce's administrative reviews covering the period from July 1, 1979, through December 31, 1983, are shown in the following tabulation:

Period	Approved fruit products (per metric ton of sugar content)	Other approved products (per metric ton of sugar content)
July 1, 1979-Dec. 31, 1979	Aus. $35.03	Aus. $45.03
Jan. 1, 1980-Dec. 31, 1980	Nil	Nil
Jan. 1, 1981-Dec. 31, 1981	Nil	Aus. $2.58
Jan. 1, 1982-Dec. 31, 1982	Aus. $63.98	Aus. $74.15
Jan. 1, 1983-Dec. 31, 1983	Aus. $71.78	Aus. $82.20

On July 2, 1985, the Department of Commerce published the preliminary results of its administrative review of the subject countervailing duty order covering the period January 1, 1984 through December 31, 1984 (50 F.R. 27330). As of July 1, 1984, Commerce found that "there is no separate export sugar rebate for 'approved fruit products' or 'other approved products.' Instead, the 'approved products' category incorporates products previously listed as 'approved fruit products' and 'other approved products.'" Commerce preliminarily determined the average net subsidy to be Aus. $141.47 per metric ton of sugar content for "approved fruit products" and Aus. $156.47 per metric

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1/ A copy of Commerce's most recent administrative review is presented in app. B.

ton of sugar content for "other approved products" during January 1 through June 30, 1984; and Aus. $217.05 per metric ton of sugar content for "approved products" during July 1 through December 31, 1984.

According to the U.S. Customs Service, countervailing duty deposits ranging from 0.42 percent to 0.68 percent ad valorem were assessed on * * * cases of 6/10 cans of canned pear halves in light syrup or canned pears diced in light syrup imported from Australia in 1985. The sugar content of pears halved or diced in light syrup is 1.5458 kilograms per case of 6/10 cans. Countervailing duty deposits ranging from 0.58 percent to 0.95 percent ad valorem were assessed on * * * cases of 6/10 cans of canned fruit cocktail in light syrup or canned fruit mix in light syrup imported from Australia in 1985. The sugar content of canned fruit cocktail or fruit mix in light syrup is 1.4837 kilograms per case of 6/10 cans. The ad valorem countervailing duty deposits assessed on * * * cases of 24/2-1/2 cans of canned peach halves or slices in heavy syrup imported from Australia during 1985 ranged from 1.13 percent to 1.29 percent. The sugar content of canned peach halves or slices in heavy syrup is 2.3652 kilograms per case of 24/2-1/2 cans. The method for calculating countervailing duty deposits is to multiply the sugar content in metric tons by Aus. $71.78, adjusted by the exchange rate of the Australian dollar relative to the U.S. dollar on the date of exportation.

Scope of the Present Investigation

In the Federal Register of June 4, 1985, the Commission published a notice of request for public comment 1/ on the proposed termination of all or part of investigation No. 104-TAA-26. Interested parties within the meaning of section 771(9)(C), (D), or (E) of the Tariff Act of 1930, representing an industry producing all or some of the subject products (within the meaning of section 771(4)(A)), were asked to supply written comments on the proposed termination no later than June 18, 1985. The Commission considered the comments received, as well as other relevant information, in determining whether to continue this investigation or any part thereof.

The Commission received comments from the California Cling Peach Advisory Board, a body organized under California law to represent all California producers and marketers of cling peaches; the Bartlett Pear Canners Committee, an ad hoc group consisting of four U.S. canners of Bartlett pears; the Van Leer Chocolate Corp., a producer of bulk wholesale chocolate and related products for the confectionery, baking, and dairy industry; and the Apricot Producers of California, a price-bargaining cooperative representing 80 percent of the domestic apricot industry. The Apricot Producers of California have reconsidered their position and have determined that they are no longer interested in pursuing the investigation as to canned apricots from

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1/ A copy of the Commission's request for public comment on the proposed termination of all or part of the investigation is presented in app. B.

Australia. They do not object to the termination of the investigation and indicate that the anticipated injury to the domestic industry is insufficient to warrant further investigation at this time. 1/

In light of the public comments received, the Commission decided to continue its review investigation, but narrowed the scope of the investigation to canned peaches, canned pears, canned fruit mixtures, and semiprocessed confectionery. The investigation as to all other products covered by the outstanding countervailing duty order was terminated (50 F.R. 29001, July 17, 1985). 2/ The Van Leer Chocolate Corp. recently determined to withdraw its request to continue the investigation as to semiprocessed confectionery products. 3/ The Commission terminated the investigation as to semi-processed confectionery products (50 F.R. 35170, August 29, 1985). 4/ Accordingly, this report contains findings of fact regarding canned peaches, canned pears, and canned fruit mixtures.

The Product

Description and uses

Canned fruits covered by this report are peaches, pears, and fruit mixtures. Peaches and pears are deciduous fruits which are best grown in Temperate Zone climates, where late springs are frost free and winter dormancy requirements are adequately met. Normally, canned fruits are preserved against spoilage by heat treatment and sealing in bacteria-free, airtight containers.

Canned peaches are produced from both clingstone and freestone varieties in the United States. According to the California Cling Peach Advisory Board, processors prefer clingstone peaches for canning because they are firmer and smoother than freestone peaches. Clingstone peaches account for over 90 percent of the annual U.S. production of canned peaches and are the sole variety canned in Australia. Similarly, Bartlett pears are the only variety used for canning in both the United States and Australia. Peaches and pears may be canned whole, halved, quartered, diced, in halves and pieces, or in pieces.

1/ A copy of the letter from the Apricot Producers of California is presented in app. D.

2/ A copy of the Commission's notice of termination of portions of this investigation is presented in app. B.

3/ A copy of the letter from the Van Leer Chocolate Corp. is presented in app. D.

4/ A copy of the Commission's notice of termination as to semiprocessed confectionery products is presented in app. B.

Canned fruit mixtures are generally produced between production runs for canned peaches and pears and are blended from those and other fruits. The principal types of canned fruit mixtures are: fruit cocktail (peaches, pears, grapes, pineapples, and cherries), fruit mix (peaches, pears, and grapes), chunky mixed fruit (quartered or diced peaches, pears, and pineapples), fruit salad (peaches, pears, cherries, pineapples, and apricots), and tropical mixed fruit (grapefruits, bananas, pineapples, and other tropical fruits). Fruit cocktail and fruit mix are the principal types produced in the United States; fruit cocktail and two fruits combined are the major types produced in Australia.

The U.S. packs of canned peaches, pears, and fruit mixtures include the retail 2-1/2 can (28-29 ounces), the 303 can (16 ounces), the 8-ounce can, and the 6/10 institutional-size can (6 pounds, 10 ounces). The sugar contents on a dry weight basis of canned peaches, pears, and fruit mixtures packed in light and heavy syrup per 2-1/2 can are shown in the following tabulation:

Type of canned fruit	Sugar content (ounces on a dry weight basis per 2-1/2 can)
Peaches in light syrup	2.555
Pears in light syrup	2.554
Fruit mixtures in light syrup	2.217
Peaches in heavy syrup	3.780
Pears in heavy syrup	3.847
Fruit mixtures in heavy syrup	3.527

The principal uses for canned peaches, pears, and fruit mixtures are as appetizers, side dishes, or desserts. In general, the individual canned fruits, including canned fruit mixtures, compete with each other for the same uses. Canned fruits are also used in making pies, jams, and ice creams, and in industrial uses.

U.S. tariff treatment

Canned fruits are classified as otherwise prepared or preserved fruits (those other than fruits which are dried, frozen, pickled, or in brine), as described in headnote 1(e) of subpart B, part 9 of schedule 1 of the Tariff Schedules of the United States (TSUS).

Imported canned peaches are classified in TSUS item 148.77, if white fleshed, and in TSUS item 148.78, if of any other variety. 1/ The

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1/ Imports of canned peaches from Australia are not white fleshed and are thus all classified in TSUS item 148.78. Imports of white fleshed canned peaches accounted for less than 0.1 percent of total imports of canned peaches in 1984. Only imports of canned peaches provided for in TSUS item 148.78 are covered in this report.

column 1 (most-favored-nation) rate of duty for white-fleshed peaches is 10 percent ad valorem, whereas the column 1 rate of duty for peaches of any other variety is 20 percent ad valorem. 1/ The column 2 rate of duty is 35 percent ad valorem for TSUS items 148.77 and 148.78. 2/

Canned pears are classified in TSUS item 148.86 and are dutiable at a column 1 rate of 18 percent ad valorem. In addition to the column 1 duty rate, imports of canned Bartlett pears from Australia are subject to an antidumping finding. 3/ The column 2 rate of duty is 35 percent ad valorem.

Canned fruit mixtures included in this investigation are defined as mixtures of two or more fruits, containing apricots, citrus fruits, peaches, or pears, and are classified in TSUS item 150.05. Imports of canned mixtures are dutiable at a column 1 rate of 17.5 percent ad valorem and at a column 2 rate of 35 percent ad valorem.

The U.S. Market

Peaches are grown in 32 States and are consumed in both fresh and processed forms. More than 50 percent of all fresh peaches are processed into canned, dried, and frozen forms, with canning being the principal method of processing. U.S. production of fresh peaches fell by 19 percent from 1982 to 1983, but increased by 42 percent from 1983 to 1984 (table 1).

Clingstone peaches, the main canning variety, are grown in California. The bearing acreage for California clingstone peaches declined by 48 percent from 1975 to 1985, falling from 51,800 acres to 27,000 acres. The number of

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1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates do not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences or the Caribbean Basin Economic Recovery Act or under the least developed developing countries (LDDC's) column.

2/ Col. 2 rates of duty apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ On Mar. 23, 1973, a dumping finding with respect to canned Bartlett pears from Australia was published in the Federal Register as T.D. 73-84 (38 F.R. 7566). On Aug. 27, 1981, Commerce published the final results of an administrative review of the antidumping finding and its determination not to revoke the antidumping order. Although there had been no shipments of canned Bartlett pears since September 1973, Commerce was not satisfied that there was no likelihood of the resumption of sales at less than fair value if the finding were revoked (46 F.R. 43224, Aug. 27, 1981). According to official statistics of the Department of Commerce, canned pears from Australia were imported in the first quarter of 1985 for the first time since 1973. Commerce has not yet published results of an administrative review covering the period during which imports of canned pears from Australia resumed.

Table 1.—Peaches and pears, fresh: U.S. production and deliveries to canneries, 1/ 1982-84

(In metric tons)

Item	1982	1983	1984
Production:			
Peaches:			
Clingstone	499,859	309,804	472,644
Freestone	536,873	531,747	726,565
Total	1,036,732	841,551	1,199,209
Pears:			
Bartlett	476,545	420,299	406,419
All other	252,787	282,452	241,811
Total	729,332	702,751	648,230
Deliveries to canneries:			
Peaches:			
Clingstone	417,305	278,733	431,820
Freestone	28,985	27,624	34,700
Total	446,290	306,357	466,520
Pears:			
Bartlett 2/	340,376	308,625	301,186
All other 3/	53,887	45,177	40,369
Total	394,263	353,802	341,555

1/ Production includes the quantity harvested plus quantities which would have been acceptable for fresh market or processing but were not harvested because of economic or natural reasons.

2/ Includes all Bartlett pears delivered to processors, most of which are canned.

3/ Includes all non-Bartlett pears delivered to processors, most of which are used for juice.

Source: Compiled from Noncitrus Fruits and Nuts, 1984 Summary, U.S. Department of Agriculture.

growers also declined, from 1,300 in 1975 to approximately 800 in 1985. U.S. production of fresh clingstone peaches fell by 38 percent from 1982 to 1983 but increased by 53 percent from 1983 to 1984.

In 1984, the three largest freestone peach producing States were South Carolina, California, and Georgia, together accounting for over 65 percent of total production. Other principal freestone peach producing States include Pennsylvania, New Jersey, and Michigan. U.S. production of fresh freestone peaches declined by less than 1 percent from 1982 to 1983 and increased by 37 percert from 1983 to 1984. During 1982-84, less than 10 percent of fresh freestone peaches were used for canning.

Pears are grown in nine States in the United States. During 1982-84, California, Washington, and Oregon accounted for more than 90 percent of U.S. production of fresh pears. Total U.S. production of fresh pears declined from 1982 to 1984, falling by 4 percent from 1982 to 1983 and again by 8 percent from 1983 to 1984.

Bartlett pears, virtually the sole variety used for canning, are grown only in California, Washington, and Oregon. According to Noncitrus Fruits and Nuts, 1984 Summary prepared by the U.S. Department of Agriculture (USDA), approximately 75 percent of U.S. production of Bartlett pears are processed, mostly by canning. U.S. production of fresh Bartlett pears declined steadily from 1982 to 1984, falling by 12 percent from 1982 to 1983 and again by 3 percent from 1983 to 1984.

U.S. canners

There are eight known firms canning clingstone peaches, Bartlett pears, or fruit mixtures in the United States. As detailed in the following tabulation, * * * of the eight firms process canned peaches, pears, and fruit mixtures that contain sugar; * * * firms process canned pears only, * * * packs that contain sugar.

Canner	Location	Produce a canned fruit pack containing sugar, by specified fruit type	Produce no canned fruit pack containing sugar, by specified fruit type
Del Monte Corp.	San Francisco, CA	* * *	* * *
F.G. Wool Packing, Inc.	San Jose, CA	* * *	* * *
Independent Food Processors Co.	Yakima, WA	* * *	* * *
Northwest Packing Co.	Vancouver, WA	* * *	* * *
Pacific Coast Producers	Santa Clara, CA	* * *	* * *
Snokist Growers	Yakima, WA	* * *	* * *
Tri/Valley Growers	San Francisco, CA	* * *	* * *
Truitt Brothers, Inc.	Salem, OR	* * *	* * *

U.S. importers

According to the U.S. Customs Net Import File and data submitted by the Australian Canned Fruits Corporation, there were six known importers of canned fruits from Australia from January 1982 to June 1985, 1/ as shown in the following tabulation:

Importer	Location
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *

Channels of distribution

Both growers and processors of clingstone peaches are represented by the California Cling Peach Advisory Board (the Board), a policy and decisionmaking body organized pursuant to the California Marketing Act of 1937, California Agricultural Code, Division 21, Part 2, and operating under the authority of the California State Director of Food and Agriculture. The Board is responsible for advertising, market promotion, quality control, and research in connection with the sale of clingstone peaches in both domestic and export markets. The grower-owned and -operated Pacific Coast Canned Pear Service promotes the retail sale of canned Bartlett pears to increase consumer demand for Bartlett pears.

Cooperatives process about half of total clingstone peach and Bartlett pear production, while growers sell the other 50 percent to independent processors mostly on a cash basis. Distribution of canned peaches, pears, and fruit mixtures takes place through either direct sales to retail and institutional end users or sales to distributors that in turn supply end-user markets. Domestic distributors generally buy canned fruit under contract at the beginning of the marketing year. In 1984, canners sold roughly * * * percent of canned peaches, pears, and fruit mixtures to end users and * * * percent to distributors. Importers sell canned fruit products to U.S. canners, distributors, and end users on spot and contract bases.

1/ According to the U.S. Customs Net Import File, * * *.

Condition of the U.S. Industry

Data on canned fruit contained in this section of the report were obtained from questionnaire responses submitted by * * * U.S. producers who can packs of clingstone peaches, Bartlett pears, or fruit mixtures which contain sugar. * * *.

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Data contained in this section are reported in basic cases of 24/2-1/2 cans, weighing approximately 45 pounds per case.

Growers' costs of production and prices

Peaches.—According to a study prepared by the Cooperative Extension of the University of California at Davis (Extension Service), 1984 sample costs to produce California clingstone peaches per paid short ton at varying yields were as follows:

Yield (paid short tons per acre)	Cash cost (per short ton)	Total costs (per short ton)
13.5	$132.42	$211.99
14.0	127.70	204.42
14.5	123.29	197.37
15.0	119.18	190.80
15.5	115.34	184.64

The study covered both preharvest (i.e., land preparation, planting, fertilizer and pest control applications, irrigation, etc.) and harvesting costs. The study was based on production in the San Joaquin-Sacramento valleys, primary areas of clingstone peach production. According to industry sources, the average level of production for California clingstone peach growers ranges from 15 to 18 short tons per acre.

Commercial prices paid to clingstone peach growers are established through negotiations between the California Canning Peach Association and various commercial processors. The negotiations are based upon projected June 1 inventory figures and estimated crop size and quality. According to statistics reported by the California Canning Peach Association, prices paid to growers fell by 14 percent from 1982 to 1983, increased by 24 percent from 1983 to 1984, and are expected to remain relatively stable from 1984 to 1985, as shown in the following tabulation:

Crop year	Prices paid to growers (per short ton)
1982	$172.00
1983	148.00
1984	183.00
1985 1/	180.00–185.00

1/ Forecast by the California Cling Peach Advisory Board.

Pears.—According to a study conducted in 1980 by the Extension Service, sample costs for producing pears for processing per paid short ton at 20 tons per acre in Sacramento County, CA, totaled $159.73. The study was based on a 150-acre orchard with 134 trees per acre and included both preharvest and harvesting costs.

In a study based on cost estimates prepared at Washington State University and provided by the Washington-Oregon Canning Pear Association, sample costs for producing Bartlett pears in the Yakima Valley area in 1982 were as follows:

Yield (short tons per acre)	Cost with depreciation added (per short ton)	Cost without depreciation added (per short ton)
8	$320.00	$271.00
12	225.00	192.00
14	198.00	169.00
16	177.00	153.00
18	161.00	139.00
20	148.00	129.00
24	129.00	113.00

The study estimates costs for a grower with a 60-acre orchard of fruit trees containing 15 acres of pears, 40 acres of apples, and 5 acres of cherries. According to the Washington-Oregon Canning Pear Association, the average yield of Bartlett pears in the Northwest in 1982 was 11.48 short tons per acre.

The grower-owned bargaining corporations, the California Pear Growers and the Washington-Oregon Canning Pear Association, negotiate with private canners to establish the prices paid to growers for Bartlett pears used in canning.

Prices paid to growers in California and Washington/Oregon per short ton of No. 1 Bartlett pears increased significantly from 1983 to 1984 as shown in the following tabulation:

Crop year	Prices paid to growers in California (per short ton)	Prices paid to growers in Washington/Oregon (per short ton)
1982	$130.00	$122.50
1983	130.00	122.50
1984	175.00	187.50

According to an industry source, most canners pay growers on a cash basis (within 60 days after harvest) rather than on a deferred basis (financed over 12 months). 1/ Negotiations on prices for 1985 started in June, but prices have not yet been established for the crop year.

U.S. production, capacity, and capacity utilization

Peaches.—Total production of canned peaches both packed with and without sugar by U.S. producers canning some packs with sugar * * * from 1982 to 1983, but * * * from 1983 to 1984 (table 2). U.S. production of canned peaches containing sugar * * * from 1982 to 1983 and * * * from 1983 to 1984, whereas production of canned peaches not containing sugar * * * from 1982 to 1984. The ratio of canned peaches packed with sugar to total canned peach production * * * during 1982-84, from * * * in 1982 to * * * in 1984.

U.S. producers' capacity to produce canned peaches packed with and without sugar rose by 21 percent from 1982 to 1983, but fell by 15 percent from 1983 to 1984. During 1983, * * *. * * *, U.S. producers' capacity utilization * * * from 1982 to 1983, from * * * percent in 1982 to * * * percent in 1983. Capacity utilization * * * in 1984 because of * * * from 1983 to 1984.

Pears.—Total production of canned pears packed with and without sugar by U.S. producers packing some canned pears with sugar * * * from 1982 to 1984, * * * from 1982 to 1983 and * * * from 1983 to 1984 U.S. production of canned pears containing sugar * * * increased from 1982 to 1984, rising by 5 percent from 1982 to 1983 and by 8 percent from 1983 to 1984. * * *, the ratio of production of canned pears containing sugar to total production of canned pears * * * from * * * percent in 1982 to * * * percent in 1984 because production of canned pears not packed with sugar * * * than production of those containing sugar.

1/ Telephone conversation with an official of the Washington-Oregon Canning Pear Association, July 29, 1985.

Table 2.—Peaches, pears, and fruit mixtures, canned: U.S. production, capacity, and capacity utilization, 1/ 2/ 1982-84

Item	1982	1983	1984
Production:			
Peaches:			
Containing sugar—1,000 basic cases	***	***	***
Not containing sugar—do	***	***	***
Total—do	***	***	***
Pears:			
Containing sugar—do	3,629	3,818	4,109
Not containing sugar—do	***	***	***
Total—do	***	***	***
Fruit mixtures:			
Containing sugar—do	6,727	8,338	8,567
Not containing sugar—do	***	***	***
Total—do	***	***	***
Capacity: 1/			
Peaches—do	22,343	27,001	22,852
Pears—do	6,105	6,004	5,962
Fruit mixtures—do	10,592	11,555	11,764
Capacity utilization: 2/			
Peaches—percent	***	***	***
Pears—do	***	***	***
Fruit mixtures—do	***	***	***

1/ Practical rated capacity is defined as the normal sustained production that can be achieved on an annual basis, making allowances for normal maintenance and downtime. Capacity includes production of canned peaches, pears, and fruit mixtures packed with and without sugar.

2/ Capacity utilization reflects total production of canned peaches, pears, and fruit mixtures containing sugar and not containing sugar.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' capacity to pack all canned pears remained relatively stable from 1982 to 1984. Because of the * * *, capacity utilization * * *, from * * * percent in 1982 to * * * percent in 1984.

Fruit mixtures.—Total production of canned fruit mixtures packed with and without sugar by U.S. producers processing some canned fruit mixtures with sugar * * * from 1982 to 1983 and * * * from 1983 to 1984. Production of canned fruit mixtures containing sugar rose by 24 percent from 1982 to 1983 and by 3 percent from 1983 to 1984. Production of canned fruit mixtures packed without sugar * * * than production of the pack containing sugar, * * * from 1982 to 1983 and * * * from 1983 to 1984. The ratio of canned fruit mixtures containing sugar to total production * * *.

U.S. producers' capacity to produce all canned fruit mixtures increased by 9 percent from 1982 to 1983 and by 2 percent from 1983 to 1984. * * *, capacity utilization * * * from * * * percent in 1982 to * * * percent in 1984.

U.S. producers' shipments, inventories, and imports

Data on shipments, inventories, and imports were reported by * * * on a calendar-year basis beginning January 1 of the indicated year whereas * * * reported data on a marketing-year basis beginning June 1 of the indicated year, and * * * reported on a marketing-year basis beginning July 1 of the indicated year.

Peaches.—As shown in table 3, U.S. producers' total shipments of canned peaches * * * from 1982 to 1983, and * * * from 1983 to 1984. Total shipments of canned peaches * * * in January-March 1985, compared with total shipments in January-March 1984. Domestic shipments * * * from 1982 to 1983, * * * from 1983 to 1984, and * * * in January-March 1985, compared with domestic shipments in January-March 1984. Export shipments of canned peaches * * * from 1982 to 1984 and * * * in January-March 1985, compared with exports in the corresponding period of 1984. Principal export markets for canned peaches include * * *.

U.S. inventories of canned peaches * * * from 1982 to 1983 and * * * from 1983 to 1984 (table 4). The ratio of inventories to shipments * * * from * * * percent in 1982 to * * * percent in 1983, when the level of production of canned peaches packed in sugar was * * * the 1982 production level. End-of-period inventories as a share of shipments * * * to * * * percent in 1984, when the level of production was * * * than the 1982 production level.

The * * * packing canned fruit with sugar to purchase imports of canned peaches during January 1982 to March 1985 was * * *. The quantities and values of those imports are shown in the following tabulation:

Period	Quantity (1,000 basic cases, 24/2-1/2 cans per case)	Value (1,000 dollars)
1982	***	***
1983	***	***
1984	***	***
January-March—		
1984	***	***
1985	***	***

Pears.—U.S. producers' total shipments of canned pears * * * from 1982 to 1984, * * * from 1982 to 1983 and * * * from 1983 to 1984. Total shipments of canned pears * * * in January-March 1985, compared with shipments in the corresponding period of 1984. Domestic shipments decreased by 3 percent from 1982 to 1983, by 7 percent from 1983 to 1984, and by 4 percent in January-March 1985, compared with domestic shipments in January-March 1984.

Table 3.—Peaches, pears, and fruit mixtures, canned: U.S. producers' domestic shipments, export shipments, and total shipments, 1982-84, January-March 1984, and January-March 1985 1/

Item	1982	1983	1984	January-March— 1984	January-March— 1985
	Quantity (1,000 basic cases, 24/2-1/2 cans per case)				
Peaches:					
Domestic shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Pears:					
Domestic shipments	4,700	4,542	4,208	1,342	1,281
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Fruit mixtures:					
Domestic shipments	7,005	8,850	7,977	2,147	2,120
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
	Value (1,000 dollars)				
Peaches:					
Domestic shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Pears:					
Domestic shipments	66,462	73,605	82,005	24,395	24,785
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Fruit mixtures:					
Domestic shipments	119,284	169,553	174,184	44,259	45,046
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
	Unit value (per case)				
Peaches:					
Domestic shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Pears:					
Domestic shipments	$14.14	$16.20	$19.49	$18.18	$19.35
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Fruit mixtures:					
Domestic shipments	17.03	19.16	21.84	20.61	21.25
Export shipments	***	***	***	***	***
Totals	***	***	***	***	***

1/ Data on shipments were reported by * * * on a calendar-year basis beginning January 1 of the indicated year; * * * reported data on a marketing-year basis beginning June 1 of the indicated year; and * * * reported on a marketing-year basis beginning July 1 of the indicated year.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 4.—Peaches, pears, and fruit mixtures, canned: U.S. producers' end-of-period inventories, 1/ 1982-84

Item	1982	1983	1984
Inventories:			
Peaches——1,000 basic cases—:	***	***	***
Pears——do——:	***	***	***
Fruit mixtures——do——:	***	***	***
Ratio of inventories to shipments:			
Peaches——percent—:	***	***	***
Pears——do——:	***	***	***
Fruit mixtures——do——:	***	***	***

1/ Data on inventories were reported by * * * on a calendar-year basis ending December 31 of the indicated year; * * * reported data on a marketing-year basis ending May 31 of the following year; and * * * reported on a marketing-year basis ending June 30 of the following year.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Export shipments of canned pears * * * from 1982 to 1984, * * * from 1982 to 1983 and * * * from 1983 to 1984. * * * were major markets for U.S. exports of canned pears.

U.S. inventories of canned pears * * * from 1982 to 1983 and * * * from 1983 to 1984. The ratio of inventories to shipments * * * from * * * percent in 1982 to * * * percent in 1983 and * * * to * * * percent in 1984.

* * * of the U.S. producers reported purchases of imported canned pears during January 1982 to March 1985.

Fruit mixtures.—U.S. producers' total shipments of canned fruit mixtures * * * from 1982 to 1983, followed by * * * from 1983 to 1984. Total shipments of canned fruit mixtures * * * in January-March 1985, compared with shipments in January-March 1984. Domestic shipments of canned fruit mixtures increased by 26 percent from 1982 to 1983, but decreased by 10 percent from 1983 to 1984. Despite this decline, the 1984 level of domestic shipments was 14 percent higher than the 1982 level of domestic shipments. Export shipments of canned fruit mixtures * * * from 1982 to 1983 and * * * from 1983 to 1984. The principal export markets for canned fruit mixtures were * * *.

End-of-period inventories of canned fruit mixtures * * * from 1982 to 1984. U.S. inventories of canned fruit mixtures as a share of shipments * * * from * * * percent in 1982 to * * * percent in 1983, but * * * to * * * percent in 1984.

There were * * * purchases by U.S. producers of imports of canned fruit mixtures during January 1982 to March 1985.

U.S. employment and productivity

Peaches.—The number of workers engaged in the production of canned peaches declined by 4 percent from 1982 to 1983, but increased by 15 percent from 1983 to 1984 (table 5). Only * * * firms 1/ employed workers engaged in the production of canned peaches in January-March 1984 and in January-March 1985. Employment and hours worked by production and related workers producing canned peaches fell by 8 percent from 1982 to 1983, but rose by 20 percent from 1983 to 1984. Wages and total compensation paid to such workers followed a similar trend, falling by 7 percent and 6 percent, respectively, from 1982 to 1983 and rising by 22 percent and 24 percent, respectively, from 1983 to 1984.

The productivity of workers involved in the production of canned peaches packed with and without sugar * * * from 1982 to 1983, but * * * from 1983 to 1984, as shown in the following tabulation:

Year	Quantity (1,000 basic cases, 24/2-1/2 cans per case)
1982	***
1983	***
1984	***

Pears.—The number of workers engaged in the production of canned pears remained relatively stable from 1982 to 1983, but increased by 9 percent from 1983 to 1984. Only * * * firms 2/ employed workers engaged in the production of canned pears in January-March 1984 and in January-March 1985. Employment and hours worked by production and related workers producing canned pears increased steadily from 1982 to 1984, rising by 8 percent from 1982 to 1983 and by 20 percent from 1983 to 1984. Wages and total compensation paid to such workers also increased, rising by 8 percent and by 9 percent, respectively, from 1982 to 1983, and by 20 percent and by 23 percent, respectively, from 1983 to 1984.

The productivity of workers engaged in the packing of canned pears with and without sugar * * * from 1982 to 1983, but * * * from 1983 to 1984, as shown in the following tabulation:

Year	Quantity (1,000 basic cases, 24/2-1/2 cans per case)
1982	***
1983	***
1984	***

1/ * * *.

2/ * * *.

Table 5.—Average number of production and related workers employed in U.S. establishments producing canned peaches, canned pears, or canned fruit mixtures, hours worked by such workers, wages paid, and total compensation, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985
Average number of production and related workers producing—					
Canned peaches	1,729	1,663	1,916	***	***
Canned pears	673	678	741	***	***
Canned fruit mixtures	1,268	1,338	1,285	***	***
Hours worked by production and related workers producing—					
Canned peaches 1,000 hours	3,240	2,970	3,556	***	***
Canned pears do	992	1,076	1,288	***	***
Canned fruit mixtures do	1,809	1,941	1,948	***	***
Wages paid to production and related workers producing—					
Canned peaches 1,000 dollars	31,852	29,551	36,079	***	***
Canned pears do	9,133	9,864	11,887	***	***
Canned fruit mixtures do	18,090	19,609	20,037	***	***
Total compensation paid to production and related workers producing—					
Canned peaches 1,000 dollars	39,035	36,853	45,625	***	***
Canned pears do	11,059	12,082	14,870	***	***
Canned fruit mixtures do	22,571	24,509	25,537	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Fruit mixtures.—The average number of production and related workers engaged in the production of canned fruit mixtures increased by 6 percent from 1982 to 1983 but declined by 4 percent from 1983 to 1984. Only * * * firms 1/ employed workers engaged in the production of canned fruit mixtures in January-March 1984 and in January-March 1985. Employment and hours worked by production and related workers producing canned fruit mixtures rose by 7 percent from 1982 to 1983 and virtually leveled off from 1983 to 1984. Wages and total compensation paid to such workers both increased by 8 percent from 1982 to 1983 and rose by 2 percent and by 4 percent, respectively, from 1983 to 1984.

The productivity of workers packing canned fruit mixtures * * * from 1982 to 1984, as shown in the following tabulation:

Year	Quantity (1,000 basic cases, 24/2-1/2 cans per case)
1982	***
1983	***
1984	***

Financial experience of U.S. producers

Three firms, * * *, furnished usable income-and-loss data concerning their operations processing various types of canned fruits. * * *. One other canner * * *, supplied income-and-loss data in a somewhat different form concerning its canned pear operation. * * *.

Overall establishment operations.—Net sales of all products processed in the same establishments within which peaches, pears, and fruit mixtures are canned * * *, during 1982-84. Net sales were * * * during interim 1985, * * * percent from the * * * in net sales reported during the corresponding period of 1984 (table 6).

During 1982-84, operating income * * *. Such income was * * *, during interim 1985, compared with an operating income of * * *, during the corresponding period of 1984. Because of the high interest expense associated with a seasonal operation, net income before income taxes was * * *. The three canners * * *. Such income was equal to * * * percent of net sales during interim 1985, compared with * * * percent during the corresponding period of 1984.

1/ * * *.

Peaches.—Net sales of canned peaches * * * from * * * to * * * during 1982-84 (table 7). Such sales were * * * during interim 1985, compared with net sales of * * * during the same period of 1984. The three reporting firms * * * in 1982. The three reporting firms operated * * *. Operating income * * * in 1983 to * * * in 1984. Operating income was * * * during interim 1985, compared with an operating income of * * * during the corresponding period of 1984. Net income before income taxes * * * during the reporting period. The three reporting firms * * * in 1982. The three firms reported * * * in the other reporting periods, * * * in 1984. Cash-flow was * * * during interim 1985, compared with * * * during the corresponding period of 1984.

Pears.—Net sales of canned pears * * * during 1982-84 (table 8). Net sales were * * * during the 1985 interim period, * * * during the corresponding period of 1984. Operating income * * * during 1982-84. Operating income was * * * during the interim period that ended March 31, 1985, compared with an operating income of * * * during the corresponding period of 1984. * * *, net income before income taxes * * * during the reporting period. The three firms * * * in 1982. These producers reported * * * in the other reporting periods, * * * during 1983-84 and * * * during interim 1985, compared with * * * during interim 1984.

Fruit mixtures.—Net sales of canned fruit mixtures * * * during 1982-84. Net sales were * * * during interim 1985, * * * from the * * * in net sales reported for the corresponding period of 1984 (table 9). The three reporting canners * * * in 1982. These canners * * * in the other reporting periods, * * * during 1983-84. Operating income was * * * during interim 1985, compared with an operating income of * * * during the corresponding period of 1984. Net income-or-loss before income taxes * * *. The three reporting canners * * * in 1982. They reported * * * in the other periods. Cash flow was * * * during each of the two interim periods.

Investment in productive facilities.—U.S. canners' investment in productive facilities employed in the production of canned peaches, valued at cost, * * * during 1982-84, and the book value of such assets was * * * as of yearend 1984 (table 10). U.S. canners' investment in productive facilities employed in the production of canned pears, valued at cost, * * * during 1982-84. The book value of such assets was * * * as of yearend 1984. U.S. canners' investment in productive facilities employed in the production of canned fruit mixtures, valued at cost, * * * during 1982-84, and the book value of such assets was * * * as of yearend 1984.

Capital expenditures.—U.S. canners made capital expenditures of * * * for facilities used in the production of canned peaches in 1982, * * * in 1983, and * * * in 1984. Capital expenditures for facilities used in the production of canned pears were * * * in 1982, * * * in 1983, and * * * in 1984. Capital expenditures for facilities used in the production of canned fruit mixtures were * * * in 1982, * * * in 1983, and * * * in 1984.

* * *.—One firm, * * *, supplied income-and-loss data relative to its operations processing pears in a somewhat different form than that requested in the Commission's questionnaires. Such income-and-loss data are shown in table 11 for accounting years ended May 31, 1983-85. Net sales plus inventory * * * during 1983-85. Operating income * * * during this period, * * *.

Table 6.—Income-and-loss experience of 3 U.S. producers 1/ on the overall operations of their establishments within which fruit is canned, 1982-84, interim 1984, and interim 1985 2/

Item	1982	1983	1984	Interim period ended March 31—	
				1984	1985
Net sales:					
Canned peaches 1,000 dollars—	***	***	***	***	***
Canned pears—do—	***	***	***	***	***
Canned fruit mixtures—do—	***	***	***	***	***
Other fruits and vegetables 1,000 dollars—	***	***	***	***	***
Total net sales—do—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Other income or (expense)-net:					
Interest expense—do—	***	***	***	***	***
Other income or (expense) net—1,000 dollars—	***	***	***	***	***
Total other income or (expense)-net 1,000 dollars—	***	***	***	***	***
Net income or (loss) before income taxes 1,000 dollars—	***	***	***	***	***
Depreciation and amortization—1,000 dollars—	***	***	***	***	***
Cash-flow from operations—1,000 dollars—	***	***	***	***	***
Ratio to total net sales:					
Net sales of canned peaches—percent—	***	***	***	***	***
Net sales of canned pears—do—	***	***	***	***	***
Net sales of fruit mixtures—percent—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
Operating income or (loss)—do—	***	***	***	***	***
Net income or (loss) before income taxes—do—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
General, selling, and administrative expenses—percent—	***	***	***	***	***

1/ The 3 producers are * * *.

2/ Interim data are * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 7.—Income-and-loss experience of 3 U.S. producers 1/ on their operations processing canned peaches, 1982-84, interim 1984, and interim 1985 2/

Item	1982	1983	1984	Interim period ended March 31—	
				1984	1985
Net sales—1,000 dollars—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars—	***	***	***	***	***
Operating income or (loss)—do—	***	***	***	***	***
Other income or (expense) net:					
Interest expense 1,000 dollars—	***	***	***	***	***
All other income or (expense) net—1,000 dollars—	***	***	***	***	***
Total other income or (expense)-net 1,000 dollars—	***	***	***	***	***
Net income or (loss) before income taxes—1,000 dollars—	***	***	***	***	***
Depreciation and amortization 1,000 dollars—	***	***	***	***	***
Cash-flow from operations-do—	***	***	***	***	***
Ratio to net sales:					
Gross income—percent—	***	***	***	***	***
Operating income or (loss) percent—	***	***	***	***	***
Net income or (loss) before income taxes—percent—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
General, selling, and administrative expenses—percent—	***	***	***	***	***
Number of firms reporting—					
Operating losses—	***	***	***	***	***
Net losses—	***	***	***	***	***

1/ The 3 producers are * * *.
2/ The interim data are for * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 8.—Income-and-loss experience of 3 U.S. producers 1/ on their operations processing canned pears, 1982-84, interim 1984, and interim 1985 2/

Item	1982	1983	1984	Interim period ended March 31—	
				1984	1985
Net sales———1,000 dollars—	***	***	***	***	***
Cost of goods sold———do———	***	***	***	***	***
Gross income——————do———	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars—	***	***	***	***	***
Operating income and (loss) 1,000 dollars—	***	***	***	***	***
Other income or (expense)-net:					
Interest expense 1,000 dollars—	***	***	***	***	***
All other income or (expense), net———do———	***	***	***	***	***
Total other income or (expense)-net———do———	***	***	***	***	***
Net income or (loss) before income taxes-1,000 dollars—	***	***	***	***	***
Depreciation and amortization——————do———	***	***	***	***	***
Cash flow from operations——————do———	***	***	***	***	***
Ratio to net sales:					
Gross income———percent—	***	***	***	***	***
Operating income or (loss)——————do———	***	***	***	***	***
Net income or (loss) before income taxes——————do———	***	***	***	***	***
Cost of goods sold—do———	***	***	***	***	***
General, selling, and administrative expenses———percent—	***	***	***	***	***
Number of firms reporting—					
Operating losses——percent—	***	***	***	***	***
Net losses——————do———	***	***	***	***	***

1/ The 3 producers are * * *.

2/ Interim data are for * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 9.—Income-and-loss experience of 3 U.S. producers 1/ on their operations processing canned fruit mixtures, 1982-84, interim 1984, and interim 1985 2/

Item	1982	1983	1984	Interim period ended March 31—	
				1984	1985
Net sales—1,000 dollars—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars—	***	***	***	***	***
Operating income or (loss)—do—	***	***	***	***	***
Other income or (expense)—net:					
Interest expense 1,000 dollars—	***	***	***	***	***
All other income or (expense)-net—1,000 dollars—	***	***	***	***	***
Total other income or (expense)—net—do—	***	***	***	***	***
Net income or (loss) before income taxes—do—	***	***	***	***	***
Depreciation and amortization—do—	***	***	***	***	***
Cash flow from operations—do—	***	***	***	***	***
Ratio to net sales:					
Gross income—percent—	***	***	***	***	***
Operating income or (loss)—do—	***	***	***	***	***
Net income or (loss) before income taxes—percent—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
General, selling, and administrative expenses—percent—	***	***	***	***	***
Number of firms reporting—					
Operating losses—	***	***	***	***	***
Net losses—	***	***	***	***	***

1/ The 3 producers are * * *.

2/ Interim data are for * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 10.—Investment in productive facilities and capital expenditures related to processing canned fruits, 1982-84, interim 1984, and interim 1985 1/

(In thousands of dollars)

Item	1982	1983	1984	Interim period ended March 31—	
				1984	1985
Investment in productive facilities:					
All products:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Canned peaches:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Canned pears:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Canned fruit mixtures:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Capital expenditures:					
All products:					
Land	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
Canned peaches:					
Land	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
Canned pears:					
Land	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
Canned fruit mixtures:					
Land	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***

1/ Data are for * * *. Interim investment data are for * * *. Interim capital expenditures are for * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 11.—Income and loss experience of * * * on its operations processing pears, 1983-85

Item	Accounting year ended May 31—		
	1983	1984	1985
Net sales——1,000 dollars—	***	***	***
Estimated inventory value——do—	***	***	***
Net sales plus inventory——do—	***	***	***
Production costs:			
Direct costs——do—	***	***	***
Overhead costs——do—	***	***	***
Total production costs——do—	***	***	***
Gross income——do—	***	***	***
Selling expenses——do—	***	***	***
Operating income——do—	***	***	***
Other deductions:			
Cash market to growers——do—	***	***	***
Expenses in inventory——do—	***	***	***
Total——do—	***	***	***
Net income before income taxes——do—	***	***	***
Dividend——do—	***	***	***
Adjusted net income——do—	***	***	***
Estimated distribution:			
To corporation——do—	***	***	***
To pool growers——do—	***	***	***
Ratio to net sales and inventory:			
Total production costs——percent—	***	***	***
Gross income——do—	***	***	***
Operating income——do—	***	***	***
Net income before income taxes——do—	***	***	***
Selling expenses——do—	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Consideration of Material Injury or Threat of Material Injury to the Canned Fruit Industry in the United States if the Countervailing Duty Order Were To Be Revoked

The Australian market

Production of fresh deciduous fruit is centered in southern Australia. According to data from an attache report prepared by the Foreign Agricultural Service (FAS) of the USDA, total production of fresh peaches in 1985 is expected to be well above the 1984 level because of an "on-year" in the biennial bearing pattern. As shown in table 12, deliveries of peaches to canneries are estimated to rise accordingly, but strong competition from other end uses such as fresh, pulping, and drying is expected. In 1984, adverse weather conditions greatly reduced the availability of canning peaches. The number of trees bearing clingstone peaches, the Australian canning variety, has declined steadily, falling by 6 percent from roughly 825,000 in 1982 to 775,000 in 1983. Over 50 percent of the bearing trees are in Victoria where the number of bearing trees declined by nearly 7 percent from 1982 to 1983. The number of nonbearing trees has fluctuated in recent years, rising to 241,000 in 1983.

Production of fresh pears increased slightly from 1983 to 1984 due to the moderate increase in the number of bearing trees of canning pears in 1983 to 672,000, despite a slight fall in the number of bearing trees in Victoria. The number of nonbearing trees fell from 46,000 in 1980 to 17,000 in 1983. Deliveries of pears to canneries are expected to rise by 16 percent from 1984 to 1985.

Table 12.—Peaches and pears, fresh: Deliveries of fresh fruit to canneries in Australia, 1983-85

(In metric tons)

Item	1983	1984	1985 1/
Peaches	38,500	29,713	45,000
Pears	36,290	36,973	43,000

1/ Forecast, as presented in the prehearing brief of the Government of Australia.

Source: Compiled from the 1983 and 1984 Annual Reports of the Australian Canned Fruits Corp., except as noted.

Australian growers' prices

Historically, minimum prices paid to growers by canners for fresh canning quality fruit were determined annually by the Fruit Industry Sugar Concession Committee, which was abolished at the end of 1983. Processors were required to pay growers these prices to qualify for a fixed rebate of Aus. $15 per metric ton of sugar used for products sold in both domestic and export markets. An additional floating rebate was paid on sugar used in products manufactured for export. As of June 30, 1984, the fixed rebate of Aus. $15 per metric ton of sugar used was discontinued. A rebate, administered by the Queensland Sugar Board, is now paid only on canned fruit manufactured for export.

At the request of the industry, the Australian Canned Fruits Corp. (ACFC) established a Canning Fruit Committee (CFC) to set the guidelines for the minimum prices paid to growers by canners. The CFC, which includes canner and grower representatives, establishes prices giving consideration to the availability of fresh fruit, estimated sales volume and returns for the canned product, and margins required by canners. Annual CFC prices are only yardsticks, and actual prices paid to growers by canners can vary. As shown in the following tabulation, prices, in Australian dollars per metric ton, paid to growers for peaches and pears are estimated to increase, reflecting expected stock rebuilding and a small increase in sales and prices for fresh fruit.

Item	1982	1983	1984	1985 1/
Peaches	180	185	225-280	300
Pears	130	135	140-170	176

1/ Estimated, as provided in Foreign Agricultural Service Attache Report No. AS 5016, March 1985, U.S. Department of Agriculture.

Source: Compiled from the 1983 and 1984 Annual Reports of the Australian Canned Fruits Corp., except as noted.

Australian Canned Fruits Corp.

On January 1, 1980, the Australian Canned Fruits Corp. was established under the Canned Fruits Marketing Act 1979 and complementary legislation in the States of New South Wales, Victoria, South Australia, and Queensland to undertake responsibilities for the regulation, marketing, and promotion of canned deciduous fruits in Australia and overseas. The ACFC acquires and arranges the marketing of the canned deciduous fruit pack, borrows funds and makes advance payments of net sales and proceeds to canners, allocates quotas for certain domestic and export markets, and equalizes returns to canners from these pool markets.

During 1982, the Industries Assistance Commission examined the needs of the canning fruit industry and recommended that the ACFC's export marketing control be terminated at the end of the 1982 season and that its domestic marketing controls be terminated at the end of 1984. In October 1984, the Australian Government extended the ACFC's marketing arrangements for three years beyond December 31, 1984, to enable continued stability in the market and orderly adjustment of the industry.

Australian producers

Commercial canning in Australia is concentrated in Victoria, the region which is the largest supplier of all deciduous fruit items. Four large cooperatives account for the majority of canned fruit production in Australia. The major canneries are all automated and well equipped with bulk bin loaders, automatic fillers, can palletizers and labelers, vacuum syrupers, and pressure and hydrostatic cookers.

Australian exporters

The ACFC has appointed four agents to promote and sell canned deciduous fruit in Australia and overseas: S.P.C., Ltd. (S.P.C.); Ardmona Fruit Products Co-op. Ltd. (Ardmona); Letona Co-op Ltd. (Letona); and the Australian Canned Fruit (I.M.O.) Pty., Ltd. (I.M.O.). Only S.P.C. and Ardmona are authorized to market Australian canned deciduous fruits to the United States.

Australian production

Data on production submitted by the ACFC were reported for total packs of canned peaches, pears, and fruit mixtures, including those packed with and without sugar.

Australian production levels for canned peaches, pears, and fruit mixtures are expected to rise from 1984 to 1985, by 71 percent, by 29 percent, and by 9 percent, respectively (table 13). Production of canned peaches rose slightly from 1982 to 1983, before falling by 32 percent from 1983 to 1984. Production of canned pears increased by 37 percent from 1982 to 1983 and then fell by 4 percent from 1983 to 1984. Australian production of canned fruit mixtures increased by 23 percent from 1982 to 1983 and continued to increase from 1983 to 1984, rising by 7 percent.

Australian exports

Data on Australian exports include exports of canned peaches, pears, and fruit mixtures packed with and without sugar.

After having dropped from 1982 to 1984, Australian exports of canned peaches, pears, and fruit mixtures are expected to increase from 1984 to 1985, by 68 percent, by 40 percent, and by 15 percent, respectively (table 14).

Table 13.—Peaches, pears, and fruit mixtures, canned: Australian production, 1982-85

(In thousands of basic cases, 24/2-1/2 cans per case) 1/

Item	1982	1983	1984	1985 2/
Peaches	1,831	1,865	1,268	2,174
Pears	1,025	1,406	1,348	1,741
Fruit mixtures	953	1,158	1,246	1,369

1/ A metric ton is equivalent to 48.99 basic cases.

2/ Estimated.

Source: Compiled from data submitted by the Australian Canned Fruits Corp.

According to FAS attache reports on the Australian canned deciduous fruit situation, Australia continues to face strong competition in its traditional markets, the United Kingdom, Japan, and Canada. The 1985 levels of Australia's exports of canned peaches and pears are expected to fall below the levels of export shipments in 1982, declining by 42 percent and by 10 percent, respectively, from 1982 to 1985. The 1985 level of Australian exports of canned fruit mixtures is expected to be 5 percent above the level in 1982.

According to FAS reports, the proportion of canned fruit imports to the European Community (EC) originating from non-EC sources has declined because of the difficulty in competing with subsidized EC products protected by high tariff rates. The EC tariff rates on imports of canned peaches, pears, and fruit mixtures from Australia are higher than the ad valorem rates of duty (in percent) in Australia's other major export markets, as shown in the following tabulation:

Market	Peaches	Pears	Fruit mixtures
Canada	13.0	15.0	10.0
EC	24.0	24.0	22.0
Japan	18.0	18.0	14.0
United States	20.0	18.0	17.5

Greece, the world's leading exporter of canned peaches, continues to dominate the EC market and to increase its share of the Canadian and Japanese markets. Italy, the world's leading exporter of fruit cocktails and canned pears and the world's second largest exporter of canned peaches, continues to supply over 50 percent of the canned pears and fruit mixtures to other EC countries. However, in July 1983, the Commission of the European Community

Table 14.—Peaches, pears, and fruit mixtures, canned: Australian producers' domestic shipments, export shipments, and total shipments, 1982-85

(In thousands of basic cases, 24/2-1/2 cans per case) 1/

Item	1982	1983	1984	1985 1/
Peaches:				
Domestic shipments	1,132	1,108	928	1,088
Export shipments	1,618	1,014	556	935
Total	2,750	2,122	1,484	2,023
Pears:				
Domestic shipments	532	508	459	454
Export shipments	1,505	863	971	1,358
Total	2,037	1,371	1,430	1,812
Fruit mixtures:				
Domestic shipments	595	618	582	552
Export shipments	735	636	670	770
Total	1,330	1,254	1,252	1,322

1/ A metric ton is equivalent to 48.99 basic cases.
2/ Estimated.

Source: Compiled from data submitted by the Australian Canned Fruits Corp.

decided to terminate an antidumping investigation on canned pears imported into the EC from Australia, China, and South Africa. Exporters from these countries agreed to ensure minimum export prices in the future. 1/

Australia not only faces a declining share of the EC market as self-sufficiency is reached, but confronts greater competition from other displaced exporters in a declining world market. In 1983, South Africa supplanted both the United States and Australia as Japan's principal supplier of canned peaches, and has continued to increase its share of the Japanese market for canned pears and fruit mixtures.

According to the ACFC, estimated exports of Australian canned peaches, pears, and fruit mixtures to the United States in 1985 are as follows:

Item	Quantity (1,000 basic cases, 24/2-1/2 cans per case)
Peaches	***
Pears	***
Fruit mixtures	***

1/ Airgram from the U.S. Mission to the EC, Aug. 8, 1983.

The current freight costs, as provided by the ACFC, for canned fruits from Australia to the United States, comparable to those to Canada, are * * * than the freight costs to the United Kingdom and Spain, as shown in the following tabulation:

Export market	Freight cost (per basic case, 24/2-1/2 cans per case)
Canada/United States—	
East coast	***
West coast	***
United Kingdom	***
Spain	***

Peaches.—Total exports of peaches from Australia fell by 37 percent from 1982 to 1983 and again by 45 percent from 1983 to 1984. 1/ Canada, the United Kingdom, and Japan accounted for over 75 percent of annual Australian exports during 1982-84 (table 15). While the 1984 level of exports of canned peaches to Canada was only 2 percent below the 1982 level, exports of canned peaches to Japan and the United Kingdom fell by 41 percent and by 68 percent, respectively, from 1982 to 1984.

Pears.—Total exports of canned pears from Australia also trended downward from 1982 to 1984, falling by over 35 percent. 2/ Australian exports of canned pears to its two largest markets in 1982, the United Kingdom and West Germany, dropped by 52 percent and 59 percent, respectively, from 1982 to 1984 (table 16). The 1984 levels of Australian exports of canned pears to Canada and Japan were also below the levels of exports in 1982, falling by 3 percent and by 32 percent, respectively, from 1982 to 1984.

Fruit mixtures.—Total exports of canned fruit mixtures from Australia also declined from 1982 to 1984, falling by 9 percent. 3/ Australian exports of canned fruit mixtures to Canada, its largest market, increased 39 percent from 1982 to 1984 (table 17). The 1984 level of canned fruit mixture exports to the United Kingdom was up by 35 percent from 1983, whereas Australian exports of canned fruits to Japan in 1984 were almost 70 percent below their level in 1982.

Australian domestic shipments and inventories

Data on Australian domestic shipments and inventories of canned peaches, pears, and fruit mixtures were reported for packs containing sugar and packs not containing sugar.

1/ Totals include revisions reflected in table 14.
2/ Ibid.
3/ Ibid.

Table 15.—Peaches, canned: Australian producers' export shipments, by principal markets, 1/ 1982-84

Market	1982	1983	1984
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 2/		
Canada	190	254	186
United Kingdom	504	208	160
Japan	266	299	156
Sweden	54	49	33
Norway	0	0	29
All others	224	175	56
Total 3/	1,238	986	620
	Share of total (percent)		
Canada	15.4	25.8	30.1
United Kingdom	40.7	21.1	25.9
Japan	21.5	30.3	25.1
Sweden	4.3	5.0	5.2
Norway	–	–	4.7
All others	18.1	17.8	9.0
Total	100.0	100.0	100.0

1/ There were no Australian exports of canned peaches to the United States during 1982-84.

2/ A metric ton is equivalent to 48.99 basic cases.

3/ Totals shown may not correspond to total export shipments presented in table 14. Totals do not include revisions reflected in table 14.

Source: Compiled from Foreign Agricultural Service Attache Reports Nos. AS 5016, March 1985, and AS 4017, March 1984, U.S. Department of Agriculture.

Note.—Because of rounding, figures may not add to totals shown.

Table 16.—Pears, canned: Australian producers' export shipments, by principal markets, 1/ 1982-84

Market	1982	1983	1984
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 2/		
United Kingdom	715	307	346
Canada	200	162	193
Japan	145	109	99
West Germany	227	39	93
Sweden	80	67	63
Netherlands	0	0	44
All others	315	387	87
Total 3/	1,682	1,071	926
	Share of total (percent)		
United Kingdom	42.5	28.7	37.5
Canada	11.9	15.1	20.8
Japan	8.6	10.2	10.7
West Germany	13.5	3.6	10.0
Sweden	4.8	6.3	6.8
Netherlands	–	–	4.8
All others	18.7	36.1	9.4
Total	100.0	100.0	100.0

1/ There were no Australian exports of canned pears to the United States during 1982-84.

2/ A metric ton is equivalent to 48.99 basic cases.

3/ Totals shown may not correspond to total export shipments presented in table 14. Totals do not include revisions reflected in table 14.

Source: Compiled from Foreign Agricultural Service Attache Reports Nos. AS 5016, March 1985, and AS 4017, March 1984, U.S. Department of Agriculture.

Note.—Because of rounding, figures may not add to totals shown.

Table 17.—Fruit mixtures, canned: Australian producers' export shipments, by principal markets, 1/ 1982-84

Market	1982	1983	1984
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 2/		
Canada	195	215	272
United Kingdom	122	80	109
Sweden	99	75	67
Japan	106	47	33
Norway	42	27	29
Singapore	27	28	17
Finland	0	0	15
All others	167	143	66
Total 3/	759	616	608
	Share of total (percent)		
Canada	25.7	34.9	44.7
United Kingdom	16.1	13.0	17.9
Sweden	13.0	12.2	11.0
Japan	14.0	7.7	5.4
Norway	5.5	4.4	4.8
Singapore	3.7	4.6	2.8
Finland	-	-	2.5
All others	22.0	23.2	10.9
Total	100.0	100.0	100.0

1/ There were 20 basic cases of Australian exports of canned fruit mixtures to the United States in 1982. There were no Australian exports of canned fruit mixtures to the United States in 1983 and 1984.

2/ A metric ton is equivalent to 48.99 basic cases.

3/ Totals shown may not correspond to total export shipments presented in table 14. Totals do not include revisions reflected in table 14.

Source: Compiled from Foreign Agricultural Service Attache Reports Nos. AS 5016, March 1985, and AS 4017, March 1984, U.S. Department of Agriculture.

Note.—Because of rounding, figures may not add to totals shown.

Consumption of canned deciduous fruits in Australia is supplied entirely by the domestic industry. 1/ Although dropping from 1982 to 1984, Australian consumption of canned peaches is expected to increase in 1985. The levels of Australian consumption of canned pears and fruit mixtures are estimated to decline, by 1 percent and by 5 percent, respectively, from 1984 to 1985.

While 1985 end-of-period inventories for canned peaches and fruit mixtures are forecast to follow the upward trend in production, the level for canned peaches will remain below its 1982 and 1983 levels, and the 1985 level for canned fruit mixtures will remain 15 percent below its 1982 level (table 18). The 1985 level of end-of-period inventories of canned peaches is expected to more than double from the 1984 level. End-of-period inventories for canned fruit mixtures should rise by 18 percent from 1984 to 1985; whereas end-of-period inventories for canned pears are estimated to decline by 21 percent from 1984 to 1985. The ratios of inventories to production of canned peaches and fruit mixtures are expected to rise from 1984 to 1985, having declined from 1982 to 1984. The ratio of inventories to production of canned pears should continue the downward trend, falling from 25.3 percent in 1984 to 15.5 percent in 1985.

Australian Government programs

In September 1983, the Government of Australia announced its decision to extend tree-pull assistance grants to growers for the removal of surplus canning peach and pear trees. State governments were granted Aus. $1 million to administer tree-pull assistance payments in 1983-84. Because of peach supply and other problems, the State governments of New South Wales and South Australia elected not to participate and the program became effective only in Victoria in 1984. Under the scheme, growers were compensated by the Government for the removal of roughly 43 hectares of canning peaches and 82 hectares of canning pears.

1/ In 1983, the Government of Australia implemented new tariff arrangements which resulted in a general rate of duty of 10 percent ad valorem for canned peaches, pears, and apricots. Imports from New Zealand and Papua New Guinea are eligible for duty-free entry and various preference margins apply to imports from declared preference countries and Canada. Foreign Agricultural Service Attache Report No. AS 3059, September 1983.

Table 18.—Peaches, pears, and fruit mixtures, canned: Australian producers' end-of-period inventories, 1982-85

Item	1982	1983	1984	1985 1/
Peaches:				
Inventories				
1,000 basic cases 2/	610	353	137	289
Ratio of inventories to production——percent	33.3	18.9	10.8	13.3
Pears:				
Inventories				
1,000 basic cases 2/	388	423	341	270
Ratio of inventories to production——percent	37.8	30.1	25.3	15.5
Fruit mixtures:				
Inventories				
1,000 basic cases 2/	364	268	262	309
Ratio of inventories to production——percent	38.2	23.1	21.0	22.6

1/ Forecast.
2/ A metric ton is equivalent to 48.99 basic cases.

Source: Compiled from data submitted by the Australian Canned Fruits Corp.

In addition to policies directed at growers, in late 1983, the Federal government provided an Aus $4.1 million interest free loan to the cannery Letona, located in New South Wales. The New South Wales State government had previously provided Aus. $6 million to the cannery and appointed an administrator to the cooperative. In 1984, Federal and the New South Wales governments, and the State Bank of New South Wales reached an agreement which resulted in a major financial restructuring of Letona. The Bank converted an Aus. $3.5 million interest bearing debt to a non-interest bearing loan.

Operation and impact of the Export Sugar Rebate System

The Export Sugar Rebate System, originally introduced in 1917, is funded by the Australian sugar industry through the Sugar Board and is administered by the Sugar Board's Export Sugar Committee. The primary function of the Export Sugar Committee is to determine a maximum monthly export rebate and to administer the scheme for the payment of the rebate to exporters or manufacturers of exported goods containing sugar.

Under the scheme, the export rebate is paid to exporters of goods containing sugar when the cost of Australian sugar used in those goods exceeds the Australian equivalent of the world "parity" price of refined sugar. The

Australian refined sugar price is compared with calculated prices for imported sugar on both a refined and raw basis. The rate of the rebate is based on the lower of the two import "parity" prices.

According to the Manual of Conditions/Procedures Relating to the Preparation and Lodgement of Export Sugar Rebate Claims, the export sugar rebate scheme ensures that exporters of approved products containing Australian sugar are not disadvantaged if the price of sugar in Australia is higher than the price at which, but for the sugar embargo, sugar could be imported for use in their products. The changes in the level of the rebate are inversely related to movements in world sugar prices.

According to the Australian Government, rebates paid on 364,500 basic cases of canned fruit exports to all markets amounted to Aus. $123,000 during January-May 1985.

U.S. consumption and market penetration of imports

Apparent U.S. consumption and market penetration of imports of canned peaches, pears, and fruit mixtures are overstated because official Commerce statistics include all imports of canned peaches, pears, and fruit mixtures packed with and without sugar, whereas domestic shipments reflect only small quantities of canned peaches, pears, and fruit mixtures packed without sugar. The market penetration ratios of imports of canned peaches, pears, and fruit mixtures from Australia were zero or less than 0.1 percent each year during 1982-84, and during January-March 1984 and January-March 1985.

Peaches.—As shown in table 19, apparent U.S. consumption of canned peaches * * * from 1982 to 1984, * * * from 1982 to 1983 and * * * from 1983 to 1984. Apparent U.S. consumption * * * in January-March 1985, compared with consumption in January-March 1984. The market penetration of imports * * *, from * * * percent in 1982 to * * * percent in 1984. The ratio of imports of canned peaches to apparent U.S. consumption * * * in January-March 1985, compared with the * * * market penetration of imports in January-March 1984.

Pears.—Apparent U.S. consumption of canned pears declined steadily from 1982 to 1984, falling by 3 percent from 1982 to 1983 and again by 5 percent from 1983 to 1984. The level of apparent consumption was 3 percent higher in January-March 1985 than the level in the corresponding period of 1984. The market penetration of imports increased significantly from 1982 to 1984 from less than .1 percent in 1982 to 2.8 percent in 1984. The ratio of imports to U.S. apparent consumption rose to 9.4 percent in January-March 1985, compared with the ratio of 1.9 percent in January-March 1984.

Fruit mixtures.—Apparent U.S. consumption of canned fruit mixtures increased by 26 percent from 1982 to 1983, but fell by 6 percent from 1983 to 1984. U.S. consumption in January-March 1985 was 4 percent higher than consumption in the corresponding period of 1984. The market penetration of

Table 19.—Peaches, pears and fruit mixtures, canned: Apparent U.S. consumption, market penetration of total imports, and market penetration of imports from Australia, 1/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985
Apparent consumption:					
Peaches-1,000 basic cases	***	***	***	***	***
Pears—do	4,701	4,545	4,331	1,368	1,414
Fruit mixtures—do	7,242	9,154	8,646	2,276	2,372
Market penetration of total imports:					
Peaches—percent	***	***	***	***	***
Pears—do	2/	.1	2.8	1.9	9.4
Fruit mixtures—do	3.3	3.4	7.7	5.7	10.6
Market penetration of imports from Australia:					
Peaches—percent	0	0	0	0	0
Pears—do	0	0	0	0	2/
Fruit mixtures—do	2/	0	0	0	2/

1/ Apparent U.S. consumption and market penetration of imports of canned peaches, pears, and fruit mixtures are overstated because official statistics of the U.S. Department of Commerce include all imports of canned peaches, pears, and fruit mixtures packed with and without sugar, whereas domestic shipments reflect only small quantities of canned peaches, pears, and fruit mixtures packed without sugar.

2/ Less than 0.1.

Source: Compiled from official statistics of the U.S. Department of Commerce and data submitted in response to questionnaires of the U.S. International Trade Commission.

imports of canned fruit mixtures followed an upward trend, rising from 3.3 percent in 1982 to 7.7 percent in 1984. The market penetration of imports of canned fruit mixtures was 10.6 percent in January-March 1985, compared with the ratio of 5.7 percent in January-March 1984.

U.S. imports from principal sources

Peaches.—Total U.S. imports of canned peaches, as reported by Commerce, 1/ increased dramatically from 1982 to 1984, from 16,470 basic cases in 1982 to 1.61 million basic cases in 1984 (table 20). Imports of canned peaches fell by 44 percent in January-March 1985 compared with imports

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1/ Imports of canned peaches from Australia are not white fleshed and are classified in TSUS item 148.78. Imports of canned peaches from all sources presented in this report are classified in TSUS item 148.78.

in the corresponding period of 1984. The average unit value of canned peaches rose by 63 percent from 1982 to 1983, increased by less than 1 percent from 1983 to 1984, and fell slightly in January-March 1985 compared with the unit value in January-March 1984.

The two principal sources of imported canned peaches in 1984 were South Africa and Spain, together accounting for 64 percent of total imports. Though there were no imports from South Africa in 1982, South Africa was the largest source of imports in 1984. Imports of canned peaches from Spain, accounting for 89 percent of total imports in 1983, almost tripled from 1983 to 1984.

Pears.—Total imports of canned pears followed the trend for imports of canned peaches, increasing from 1,330 basic cases in 1982 to 122,940 basic cases in 1984 (table 21). The level of imports of canned pears in January-March 1985 was significantly higher than the level in the corresponding period of 1984. The average unit value of imported canned pears declined from 1982 to 1984, falling by 41 percent from 1982 to 1983 and by 26 percent from 1983 to 1984. The average unit valve of imported canned pears in January-March 1985 was 12 percent below the average unit value in the corresponding period of 1984.

In 1984, the four principal sources of canned pears were South Africa, Canada, Spain, and New Zealand, accounting for 32 percent, 23 percent, 22 percent, and 20 percent, respectively, of total imports of canned pears. In January-March 1985, Spain was the largest source of imported canned pears, accounting for 75 percent of imports. The unit values for imports of canned pears from Spain were generally the lowest since 1983.

Fruit mixtures.—Total imports of canned fruit mixtures increased steadily from 1982 to 1984, rising by 32 percent from 1982 to 1983 and more than doubling from 1983 to 1984 (table 22). Imports of canned fruit mixtures rose by 95 percent in January-March 1985 compared with imports in the corresponding period of 1984. The average unit value of canned fruit mixtures fell by 24 percent from 1982 to 1983, but increased by 38 percent from 1983 to 1984.

Mexico was the principal source of canned fruit mixtures each year during 1982-84, accounting for over 90 percent of imports in 1982 and in 1983 and for more than 50 percent of imports in 1984. Imports of canned fruit mixtures from South Africa and Italy represented 20 percent and 12 percent, respectively, of all imports of canned fruit mixtures in 1984. In January-March 1985, Italy was the largest source of imported canned fruit mixtures, accounting for over 40 percent of imports.

Table 20.—Peaches, canned: U.S. imports for consumption 1/, by principal sources, 2/ 1982-84, January-March 1984, and January-March 1985

Source	1982	1983	1984	January-March— 1984	January-March— 1985
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 3/				
South Africa	0	10.79	593.11	128.29	22.96
Spain	0.02	157.64	432.39	238.61	198.20
Argentina	0	0.35	191.96	9.76	7.22
Greece	0	1.92	189.88	155.43	40.84
Chile	0	0	131.77	1.78	29.36
All others	16.46	5.52	68.61	10.88	6.18
Total	16.47	176.22	1,607.73	544.76	304.76
	Value (1,000 dollars)				
South Africa	-	165	8,547	1,727	281
Spain	4/	1,931	5,145	2,898	2,264
Argentina	-	5	2,238	83	62
Greece	-	14	1,776	1,365	440
Chile	-	-	1,742	20	359
All others	127	94	821	142	56
Total	127	2,210	20,269	6,235	3,463
	Unit value (per case)				
South Africa	-	$15.26	$14.41	$13.46	$12.24
Spain	$20.00	12.25	11.90	12.15	11.43
Argentina	-	14.50	11.66	8.54	8.62
Greece	-	7.55	9.35	8.78	10.77
Chile	-	-	13.22	10.99	12.23
All others	7.71	17.07	11.96	13.07	9.13
Average	7.72	12.54	12.61	11.45	11.36

1/ Imports of canned peaches presented are classified in TSUS item 148.78.

2/ There were no imports of canned peaches from Australia from January 1982-March 1985.

3/ A basic case of 24/2-1/2 cans is equivalent to 45 pounds.

4/ Less than $500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to totals shown.

Table 21.—Pears, canned: U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Source	1982	1983	1984	January-March—	
				1984	1985
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 1/				
South Africa	0	0	40.07	3.76	15.45
Canada	0.07	0	28.42	20.27	3.18
Spain	0	0.51	27.10	1.77	99.36
New Zealand	0	0	25.15	0	0
Australia	0	0	0	0	2.85
All others	1.27	2.60	2.20	.25	12.34
Total	1.33	3.10	122.94	26.05	133.18
	Value (1,000 dollars)				
South Africa	–	–	529	61	211
Canada	2	–	389	268	47
Spain	–	6	318	20	1,137
New Zealand	–	–	322	–	–
Australia	–	–	–	–	60
All others	38	49	51	11	161
Total	40	55	1,609	359	1,617
	Unit value (per case)				
South Africa	–	–	$13.20	$16.10	$13.66
Canada	$26.66	–	13.67	13.22	14.90
Spain	–	$11.86	11.75	11.24	11.45
New Zealand	–	–	12.81	–	–
Australia	–	–	–	–	21.11
All others	29.81	18.87	23.34	43.80	13.06
Average	29.65	17.72	13.09	13.80	12.14

1/ A basic case of 24/2-1/2 cans is equivalent to 45 pounds.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to totals shown.

Table 22.—Fruit mixtures, canned: U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Source	1982	1983	1984	January-March— 1984	January-March— 1985
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 1/				
Mexico	221.24	296.43	357.90	91.69	121.17
South Africa	0	2/	132.26	10.27	4.36
Italy	0.26	0.06	80.94	17.87	104.53
Argentina	0	0	42.76	0	3.44
Australia	.02	0	0	0	3/ 0.05
All others	15.29	17.02	54.75	9.36	17.97
Total	236.80	313.52	668.62	129.20	251.52
	Value (1,000 dollars)				
Mexico	2,836	2,783	4,130	1,045	1,617
South Africa	-	4/	2,318	174	72
Italy	21	2	1,291	297	1,552
Argentina	-	-	563	-	34
Australia	1	-	-	-	3
All others	342	452	1,210	176	360
Total	3,200	3,238	9,511	1,692	3,638
	Unit value (per case)				
Mexico	$12.82	$9.39	$11.54	$11.39	$13.35
South Africa	-	138.16	17.52	16.97	16.55
Italy	83.61	37.68	15.95	16.60	14.84
Argentina	-	-	13.17	-	9.96
Australia	60.40	-	-	-	59.95
All others	22.40	26.55	22.09	18.81	20.03
Average	13.51	10.33	14.23	13.10	14.46

1/ A basic case of 24/2-1/2 cans is equivalent to 45 pounds.

2/ Less than 5 basic cases.

3/ There were 47 basic cases of imports from Australia reported in the official statistics. According to the importer of record, * * *.

4/ Less than $500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to totals shown.

U.S. imports from Australia

Peaches.—According to official Commerce statistics, imports of canned peaches from Australia 1/ entered the United States in June 1985, representing 11 percent of total June imports (table 23). There were no imports of canned peaches from Australia during January-May 1985.

Pears.—Imports of canned pears from Australia entered the United States in January 1985, representing less than 1 percent of total January imports (table 24). While there were no imports of canned pears from Australia in February 1985, Australian canned pears were imported again during March-June 1985. Australian canned pears represented 10 percent and 8 percent of total March and April imports, respectively. U.S. imports of canned pears from Australia increased significantly from April to May 1985 and more than doubled from May to June 1985. Australian canned pears accounted for 45 percent of total canned pear imports in May 1985 and more than 35 percent of total imports of canned pears in June 1985.

Fruit mixtures.--Canned fruit mixtures from Australia were imported into the United States during April-June 1985 (table 25). 2/ U.S. imports of canned fruit mixtures from Australia represented less than 1 percent of total imports in April 1985 and less than 3 percent of total imports in May 1985. In June 1985, canned fruit mixtures from Australia accounted for 10 percent of total U.S. imports of canned fruit mixtures.

Prices

Prices for canned fruit are determined in a market composed of producers, brokers/importers, distributors, and end users. Domestic distributors generally contract with domestic producers at the start of the marketing year for supplies to last throughout the year. Importers sell their foreign products throughout the marketing chain to producers, distributors, and end users. Purchases of imports take place on both spot and contract bases. For example, domestic producers or distributors contract with importers for a specified amount of canned fruit, and the importer then contracts with a foreign producer or purchases the necessary amount of fruit on a spot basis.

The market for canned fruit is divided into two distinct segments: retail and food service/institutional. While the demand for these products is differentiated, the supply of fruit for canning affects both markets.

1/ Imports of canned peaches from Australia are not white fleshed and are classified in TSUS item 148.78.

2/ There were 47 basic cases of imports from Australia in January 1985 reported in the official statistics. According to the importer of record, * * *.

Table 23.—Peaches, canned: U.S. imports for consumption 1/, by specified sources and by months, January-June 1985

Period	Australia	All other	Total
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 2/		
1985:			
January	0	118.86	118.86
February	0	79.47	79.47
March	0	106.43	106.43
April	0	119.71	119.71
May	0	195.43	195.43
June	22.09	181.09	203.18
	Value (1,000 dollars)		
1985:			
January	-	1,389	1,389
February	-	855	855
March	-	1,219	1,219
April	-	1,504	1,504
May	-	2,624	2,624
June	249	2,311	2,561
	Unit value (per case)		
1985:			
January	-	$11.68	$11.68
February	-	10.76	10.76
March	-	11.45	11.45
April	-	12.57	12.57
May	-	13.43	13.43
June	$11.27	12.76	12.60

1/ Imports of canned peaches presented are classified in TSUS item 148.78.

2/ A basic case of 24/2-1/2 cans is equivalent to 45 pounds.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to totals shown.

Table 24.—Pears, canned: U.S. imports for consumption, by specified sources and by months, January-June 1985

Period	Australia	All other	Total
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 1/		
1985:			
January	0.67	66.82	67.50
February	0	44.60	44.60
March	2.18	18.91	21.08
April	2.18	22.37	24.55
May	29.26	34.83	64.10
June	61.18	104.88	166.06
	Value (1,000 dollars)		
1985:			
January	20	788	809
February	–	545	545
March	40	224	264
April	38	261	299
May	490	460	950
June	998	1,450	2,448
	Unit value (per case)		
1985:			
January	$29.95	$11.80	$11.98
February	–	12.21	12.21
March	18.38	11.85	12.52
April	17.30	11.68	12.18
May	16.73	13.20	14.81
June	16.31	13.82	14.74

1/ A basic case of 24/2-1/2 cans is equivalent to 45 pounds.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to totals shown.

Table 25.—Fruit mixtures, canned: U.S. imports for consumption, by specified sources and by months, January-June 1985

Period	Australia	All other	Total
	Quantity (1,000 basic cases, 24/2-1/2 cans per case) 1/		
1985:			
January	2/ 0.05	52.74	52.79
February	0	77.34	77.34
March	0	121.39	121.39
April	.73	89.09	89.82
May	4.65	177.58	182.23
June	19.71	171.44	191.15
	Value (1,000 dollars)		
1985:			
January	3	752	755
February	-	1,128	1,128
March	-	1,755	1,755
April	15	1,382	1,397
May	62	2,721	2,783
June	294	2,602	2,896
	Unit value (per case)		
1985:			
January	$59.95	$14.25	$14.29
February	-	14.58	14.58
March	-	14.46	14.46
April	20.64	15.51	15.55
May	13.40	15.32	15.27
June	14.93	15.18	15.15

1/ A basic case of 24/2-1/2 cans is equivalent to 45 pounds.

2/ There were 47 basic cases of imports from Australia reported in the official statistics. According to the importer of record, * * *.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to totals shown.

In recent years, supplies of fruit for canning have declined notably, due to poor growing conditions and declining acreage. Reduced supplies would tend to raise prices in both the retail and institutional markets, assuming all other factors remain unchanged. However, the influence of demand on prices in the two markets has differed. Demand for canned fruit at the retail level has declined, primarily due to consumer substitution toward fresh fruit; while demand for canned fruit at the institutional level has increased rapidly, mostly due to the growth in institutional food services (nursing homes, schools, etc.) and the popularity of salad bars. Thus, if supplies had not fallen, the reduced demand in the retail market might have depressed prices in that market, whereas the increased demand in the food service market might have raised prices in that market. When the various demand and supply changes in both markets are taken into consideration, holding all other factors constant, the upward trend in retail prices due to falling supplies is offset to some degree by the downward pressure exerted by falling demand. However, the trend in prices in the institutional market is unambiguously upward, because the fall in supply and rise in demand reinforce each other to elevate prices.

Trends in domestic prices.—Producers of canned pear halves, peach halves, and fruit mixtures were asked to report prices received for the largest sale per quarter of each type of canned fruit in the relevant can sizes (24/2-1/2, 24/303, 6/10) for January-March 1983 through January-March 1985. Three producers [1] provided data in this format for canned pear halves; two [2] provided data on canned fruit mixtures; and only one [3] provided prices for canned peach halves. In all cases, the price of the 6/10 institutional-size can * * * than did the price of the retail size cans (either the 24/303 can or the 24/2-1/2 can).

For instance, over the two-year period, the price of 6/10 canned pear halves * * * from * * * per case in January-March 1983 to * * * per case in January-March 1985, * * *. However, the price of pear halves in 24/303 cans over the same period * * * by * * * percent (table 26).

Regarding canned fruit mixtures, prices for the 6/10 can * * * by * * * percent from * * * per case in January-March 1983 to * * * per case in January-March 1985 (table 27). Over the same period, however, the price of the 24/303 can * * *. From April-June 1983 to July-September 1983, the price of 24/303 canned fruit mixtures * * * from * * * per case to * * * per case. Throughout the rest of 1983 and in 1984, the price of canned fruit mixtures in the 24/303 can * * *, ranging from * * * per case to * * * per case. At the start of 1985, the price was * * * per case.

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[1] * * *.

[2] * * *.

[3] * * *.

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Table 26.—Canned pear halves in syrup: Weighted-average prices per case received by U.S. producers and paid by importers of Australian product on their largest sales, by quarters, January 1983-June 1985

Period	Domestic (24/303 can)	Domestic (6/10 can)	Imports from Australia (6/10 can)
	Price per case		
1983:			
January-March	***	***	1/
April-June	***	***	1/
July-September	***	***	1/
October-December	***	***	1/
1984:			
January-March	***	***	1/
April-June	***	***	1/
July-September	***	***	1/
October-December	***	***	1/
1985:			
January-March	***	***	2/ ***
April-June	3/	***	4/ 19.34

1/ No imports entered during the period.

2/ Represents 1 shipment registered by the U.S. Customs Service, includes ocean freight, insurance, duty, tax, and agent's commission.

3/ Data not available.

4/ Represents all shipments of record during the period, includes ocean freight, insurance, duty, tax, and agent's commission.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from import entry invoices submitted by the U.S. Customs Service.

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Table 27.—Canned fruit mixtures in syrup: Weighted-average prices per case received by U.S. producers and paid by importers of Australian product on their largest sales, by quarters, January 1983-June 1985

Period	Domestic (24/303 can)	Domestic (6/10 can)	Imports from Australia (6/10 can)
	Price per case		
1983:			
January-March	1/ ***	1/ ***	2/
April-June	1/ ***	1/ ***	2/
July-September	***	***	2/
October-December	***	***	2/
1984:			
January-March	***	***	2/
April-June	***	***	2/
July-September	***	***	2/
October-December	***	***	2/
1985:			
January-March	***	***	2/
April-June	3/	4/ ***	5/ $17.61

1/ Represents 1 price reported.

2/ No imports entered during the period.

3/ Data not available.

4/ Representative price reported by only 1 producer.

5/ Represents all shipments of record during the period, includes ocean freight, insurance, duty, tax, and agent's commission.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from import entry invoices submitted by the U.S. Customs Service.

Prices for canned peach halves * * *. While the price of 6/10 canned peach halves * * * by * * * percent from January-March 1983 to January-March 1985, the price of 24/303 canned peach halves * * * by * * * percent over the same period (table 28). From January-March 1984 to January-March 1985, however, * * *. While the price of 6/10 canned peach halves * * * by * * * percent and the price of retail 24/2-1/2 canned peach halves * * *, by * * * percent, the price of retail 24/303 canned peach halves * * *, * * * by * * * percent.

Canned fruit prices reveal some seasonality. Prices for canned pears and canned fruit mixtures in both the 24/303 and 6/10 cans * * * during the July-September period in 1983 and 1984 when * * *. Thus, with the * * * in the supply of canned fruits in this period, domestic prices * * *. In addition, the * * * in prices from April-June 1983 to July-September 1983 is * * * than the * * * in prices from April-June 1984 to July-September 1984. This may be due to the fact that the 1984 harvests were down significantly from previous levels, and therefore * * *.

Additional information was received by the Commission from a producer of all three types of canned fruit, 1/ but could not be included in the weighted-average prices in the tables above because quantity weights were not provided. The tabulation below presents the reported net average selling price per case for all sales made during each quarter. Prices for all three varieties of canned fruit in all can sizes * * *.

Period	Pear halves 24/303 can	Pear halves 6/10 can	Fruit mixtures 24/303 can	Fruit mixtures 6/10 can	Peach halves 24/303 can	Peach halves 6/10 can
	Price per case					
1983:						
January-March	***	***	***	***	1/	1/
April-June	***	***	***	***	1/	1/
July-September	***	***	***	***	1/	1/
October-December	***	***	***	***	1/	1/
1984:						
January-March	***	***	***	***	***	***
April-June	***	***	***	***	***	***
July-September	***	***	***	***	***	***
October-December	***	***	***	***	***	***
1985:						
January-March	***	***	***	***	***	***
April-June	1/	1/	1/	1/	2/ ***	2/ ***

1/ Data not available.
2/ Net average selling price per case for April-May 1985 only.

1/ * * *.

Table 28.—Canned peach halves in syrup: Weighted-average prices per case received by U.S. producers and paid by importers of Australian product on their largest sales, by quarters, January 1983-June 1985

Period	Domestic (24/303 can)	Domestic (6/10 can)	Domestic (24/2-1/2 can)	Imports from Australia (24/2-1/2 can)
	Price per case			
1983:				
January-March	1/ ***	1/ ***	2/	3/
April-June	1/ ***	1/ ***	2/	3/
July-September	1/ ***	1/ ***	2/	3/
October-December	1/ ***	4/	2/	3/
1984:				
January-March	1/ ***	1/ ***	1/ ***	3/
April-June	1/ ***	1/ ***	1/ ***	3/
July-September	1/ ***	1/ ***	1/ ***	3/
October-December	1/ ***	1/ ***	1/ ***	3/
1985:				
January-March	1/ ***	1/ ***	1/ ***	3/
April-June	2/	2/	1/ ***	5/ $16.12

1/ Represents 1 price reported.

2/ Data not available.

3/ No imports entered during the period.

4/ No product available for sale during the period.

5/ Represents all shipments of record during the period, includes ocean freight, insurance, duty, tax, and agent's commission.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from import entry invoices submitted by the U.S. Customs Service.

Specifically, the net average sales price of canned pears in the 24/303 can and the 6/10 can * * * by * * * percent and by * * * percent, respectively, from January-March 1983 to January-March 1985. Prices received for canned fruit mixtures also showed * * * over the same period: fruit mixtures in the 24/303 can * * * from * * * per case to * * * per case, * * *; while fruit mixtures in the 6/10 can * * * from * * * per case to * * * per case, * * *. From January-March 1984 to April-June 1985, prices for peaches in the 24/303 and the 6/10 can * * * by * * * percent and * * * percent, respectively.

Virtually all importers and purchasers contacted indicated that domestic canned pear prices will rise through 1985 because of this year's small crop. Since pears are a large component of fruit cocktail, fruit cocktail prices could also increase. Canned peach prices, on the other hand, are expected to remain flat or fall, owing to a good peach crop this year.

Trends in import prices.—Imports of canned fruit from Australia did not comprise a wide variety of can sizes. In fact, all the pear halves and fruit mixtures were in the institutional 6/10 can, and peach halves were in the 24/2-1/2 can. The reported prices for imports reflect prices for the principal can size for each type of fruit entering the United States. Thus, the appropriate comparisons are between prices per case of the 6/10 canned pear halves and fruit mixtures and the 24/2-1/2 canned peach halves.

The weighted-average prices for Australian canned fruit reported in tables 26, 27, and 28 were calculated from data on invoices submitted to Customs when the imported goods arrived in the United States. These prices represent the delivered price per case to the broker/importer, rather than the f.o.b.(U.S. port) price at which the importer sells the Australian canned fruit to the U.S. distributor. Thus, the import prices reported will understate the cost to the U.S. distributor by the amount of the importer's markup. For the U.S. prices reported to be readily comparable to the import prices, the import prices must be adjusted upward by the amount of the markup. According to industry sources, this markup amounts to no more than 7 to 10 percent of the delivered price.

Before accounting for the markup, the average tariff-inclusive c.i.f. price paid by importers for pear halves in 6/10 cans was $19.34 per case in April-June 1985. Adjusting for a 7-percent importer's markup brings this price to about $21.00 per case. A comparison of this estimate with the April-June 1985 domestic weighted-average price of * * * per case shows that the import price was approximately * * * than the domestic price for pear halves in 6/10 cans.

With respect to the April-June 1985 prices of fruit mixtures in 6/10 cans, the price paid by importers before adjusting for the markup was $17.61 per case. The addition of a 7-percent markup brings this price to approximately $17.85 per case. However, the domestic price for fruit mixtures in 6/10 cans in the same period was approximately * * * per case. Thus, the price of the domestic product was * * * than the estimated import price.

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The price paid by importers for canned peach halves in 24/2-1/2 cans in April-June 1985 net of the importer's markup was $16.12 per case. When the markup is accounted for, this price rises to approximately $17.25 per case. During the same period, the domestic price reported for 24/2-1/2 canned peach halves was * * * per case. A comparison of the estimated import price (after the markup) and the domestic price shows that the Australian product was * * * the U.S. product by approximately * * * percent.

When viewed in comparison with prices of non-Australian imports, a number of importers and purchasers suggested that Australia's prices for canned fruit are on the high end of the price spectrum and are not significantly cheaper than the U.S. product. 1/ For instance, canned fruit from Greece, South Africa, Chile, Italy, and Spain was cited as being less expensive than the Australian fruit. One purchaser added that Australia is at a * * * with respect to other imports of canned fruit to the United States. 2/

Transportation costs

Shipments of canned fruit within the United States are carried primarily by truck and rail from the west coast (California, Oregon, and Washington), as the majority of production takes place there. The cost of shipping within the United States is significant, and can range from approximately 3 percent to approximately 15 percent of the purchase price of the fruit, depending upon the distance the fruit is to be shipped. For example, shipment along the west coast can cost 50 cents per case (3 percent of the cost of a $17.00 case); shipment to the central and north-central regions can cost between $1.00 and $1.50 per case (between 6 percent and 9 percent of the cost of a $17.00 case); and shipment to the east coast can cost between $2.00 and $2.50 per case (between 12 percent and 15 percent of the cost of a $17.00 case).

Ocean freight costs make up a substantial portion of the delivered price of canned fruit from Australia. A sample of the freight costs submitted by Customs on imports of canned fruit from Australia shows transportation costs ranging from approximately 13 percent of the delivered price (approximately $1.90 per case) to approximately 17 percent of the delivered price (approximately $2.80 per case). Additional transport costs are then incurred to move the Australian product from the U.S. port of entry to the end user.

Shipping costs from Australia to the west coast and the east coast of the United States may vary. Some importers reported delivered prices for Australian canned fruit as being the same, regardless of port of entry; whereas, other importers reported higher delivered prices for Australian canned fruit to the east coast than to the west coast. For those imports from Australia that enter on the west coast and must be shipped, like domestic canned fruit, to end users, the cost differential between Australian and

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1/ Based on telephone conversations with * * *.
2/ Based on a telephone conversation with * * *.

domestic canned fruit depends solely on the difference between Australian import f.o.b. prices and domestic f.o.b. prices. However, for the imports from Australia that enter on the east coast, the cost differential between Australian and domestic canned fruit depends on the difference between the Australian import f.o.b.(east coast) price plus a small shipping charge and the domestic f.o.b. price plus cross-country shipping. For this reason, imports from Australia can be relatively more competitive in east coast markets in the United States. Even if the Australian product landed on the east coast at a price equivalent to, or slightly higher than, the domestic f.o.b. price, the additional cost of $2.00 to $2.50 per case to move the domestic product to the east coast could make the domestic product prohibitively expensive. Of the entries verified, * * * of the canned peaches, approximately * * * percent of the canned pears, and * * * percent of the canned fruit mixtures from Australia entered on the east coast (including the gulf coast).

The transport cost factor also serves to explain why imports of Australian canned fruit are not generally found in the Mid-west: shipping costs must be paid for all canned fruit products, whether domestic or imported, whether f.o.b. west coast or f.o.b. east coast. Thus, Australian final delivered prices, which include a cost of $1.00 to $1.50 per case for transportation, are not usually lower than domestic final delivered prices, which also include a cost of $1.00 to $1.50 per case for transportation.

Domestic canned fruit producers indicated that transport costs had fallen in recent years due to increased competition among the various transportation modes, but do not expect these rates to continue to fall.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Australian dollar depreciated relative to the U.S. dollar in nine out of thirteen quarters by an overall 38.7 percent during the period January 1982 through June 1985 (table 29). As a result of the higher level of inflation in Australia compared with that in the United States over the 13-quarter period ended March 1985, the Australian currency depreciated by 19 percent in real terms relative to the U.S. dollar, significantly less than the apparent depreciation of 31.2 percent represented by the nominal devaluation over the same period.

Nonprice factors affecting imports of canned fruit from Australia

The Commission staff contacted 18 importers and purchasers on the subject of imports of canned fruit from Australia. The three most common reasons, apart from price, which were given as important considerations in buying imports were availability, quality, and the strength of the U.S. dollar relative to the Australian dollar.

Table 29.—Exchange rates: 1/ Nominal exchange rate equivalents of the Australian dollar in U.S. dollars, real exchange rate equivalents, and producer price indicators in the United States and Australia, 2/ indexed by quarters, January 1982–June 1985

Period	U.S. producer price index	Australian producer price index	Nominal exchange rate index	Real exchange rate index 3/
1982:				
January-March	100.0	100.0	100.0	100.0
April-June	100.1	102.5	96.5	98.9
July-September	100.5	105.4	90.5	94.8
October-December	100.6	107.3	87.5	93.3
1983:				
January-March	100.7	109.1	86.7	93.9
April-June	101.0	112.0	80.5	89.3
July-September	102.0	113.3	81.0	90.0
October-December	102.5	114.5	83.8	93.6
1984:				
January-March	103.6	115.9	85.6	95.8
April-June	104.3	117.5	83.2	93.7
July-September	104.1	119.5	77.1	88.6
October-December	103.9	120.5	77.8	90.3
1985:				
January-March	103.6	122.0	68.8	81.0
April-June	103.7	4/	61.3	4/

1/ Exchange rates expressed in U.S. dollars per unit of Australian currency.

2/ Producer price indicators—intended to measure final product prices—are based on average quarterly indexes presented in International Financial Statistics.

3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured by the producer price index in the United States and the foreign country. Producer prices in the United States increased by 3.9 percent during the period January 1982 through December 1984 compared with a 20.3-percent increase in Australia during the same period.

4/ Not available.

Source: International Financial Statistics, International Monetary Fund, May 1985.

Note.—January-March 1982=100.

With regard to the availability of canned fruit, importers and purchasers indicated that imports had been necessary in recent years to make up for shortfalls in domestic production. When the U.S. crop has been small, the domestic supply of some sizes of canned fruit typically has been exhausted by February or March of the year. Thus, in order to keep sufficient quantities of canned fruit available in the U.S. market, imports have been required in the March-June period. Since Australia's fruit crop is harvested and packed in January-February of each year, Australian canned fruit (and other canned fruit produced in the Southern Hemisphere) is available at the time when U.S. supplies may be short. This availability in the off-season has been an important factor for purchasers who require additional canned fruit to fill out the U.S. marketing year.

The quality of canned fruit products was also cited as an important consideration for purchasers and importers of these items. All those importers and purchasers who were familiar with the Australian product praised its high quality and similarity to domestically produced canned fruit. For this reason, the Australian fruit has been more desirable than some canned fruit from other foreign sources, and has been sought by importers.

The third major consideration cited by importers and purchasers was the strength of the U.S. dollar vis-a-vis the Australian dollar. Overall, the U.S. dollar has been quite strong relative to most other currencies. This alone makes imports in general relatively less expensive. However, the particular depreciation of the Australian dollar relative to the U.S. dollar from January-March 1982 to October-December 1984, in nominal and real terms, has made Australian products relatively cheaper than they had been previously. One importer added that no Australian canned fruit would have come into the United States if the value of the Australian dollar had not fallen. 1/ The same importer gave an example of the sizable impact that changes in the exchange rate can have on prices for canned fruit: a case of canned fruit bearing a delivered price of $18.40 in Australian dollars would cost a U.S. purchaser $15.27 when the exchange rate equaled 0.83 U.S. dollars per Australian dollar (the rate prevailing in November 1984), but would only cost $12.33 when the exchange rate was 0.67 U.S. dollars per Australian dollar (the rate prevailing in March 1985). 2/ This amounts to about a 20 percent savings due to the depreciation of the Australian dollar alone, and clearly demonstrates the importance of relative exchange rates in the decision to import from a particular foreign source.

Projections

The U.S. market.—In its questionnaire, the Commission requested comments by U.S. producers describing the current state of the U.S. market for canned fruit and the most significant changes in that market since 1982. The Commission received two responses from producers.

1/ Based on a telephone conversation with * * *.
2/ Ibid.

* * * * * * *

Four U.S. producers provided business projections for the canned fruit industry based on current business conditions. Tables 30, 31, and 32 present projections for canned peaches, canned pears, and canned fruit mixtures, respectively.

Table 30.—Peaches, canned: Production, imports, shipments, inventories, and prices, 1/ as reported by U.S. producers, 1984, and as projected by U.S. producers, 1985 and 1986

Item	1984	1985	1986
Production—1,000 basic cases	***	***	***
Imports:			
Quantity—do	***	***	***
Value—1,000 dollars	***	***	***
Domestic shipments:			
Quantity—1,000 basic cases	***	***	***
Value—1,000 dollars	***	***	***
Exports:			
Quantity—1,000 basic cases	***	***	***
Value—1,000 dollars	***	***	***
End-of-period inventories 1,000 basic cases	***	***	***
Prices 1/	100	2/	2/

1/ Prices for 1985 and 1986 are average increases expressed as a percentage of 1984 prices, using an index of 100 for 1984.
2/ Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 31.—Pears, canned: Production, imports, shipments, inventories, and prices, 1/ as reported by U.S. producers, 1984, and as projected by U.S. producers, 1985 and 1986

Item	1984	1985	1986
Production——1,000 basic cases—:	4,950	***	***
Imports: 2/			
Quantity——do——:	***	***	***
Value——1,000 dollars—:	***	***	***
Domestic shipments: 2/			
Quantity——1,000 basic cases—:	4,208	***	***
Value——1,000 dollars—:	82,005	***	***
Exports: 2/			
Quantity——1,000 basic cases—:	***	***	***
Value——1,000 dollars—:	***	***	***
End-of-period inventories 2/ 1,000 basic cases—:	***	***	***
Prices 1/ 2/——:	100	***	***

1/ Prices for 1985 and 1986 are average increases expressed as a percentage of 1984 prices, using an index of 100 for 1984.

2/ 1 firm not reporting 1985 and 1986 projections.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 32.—Fruit mixtures, canned: Production, imports, shipments, inventories, and prices, 1/ as reported by U.S. producers, 1984, and as projected by U.S. producers, 1985 and 1986

	1984	1985	1986
Production——1,000 basic cases—:	10,411	***	***
Imports:			
Quantity——do——:	***	***	***
Value——1,000 dollars—:	***	***	***
Domestic shipments:			
Quantity——1,000 basic cases—:	7,977	***	***
Value——1,000 dollars—:	174,184	***	***
Exports:			
Quantity——1,000 basic cases—:	***	***	***
Value——1,000 dollars—:	***	***	***
End-of-period inventories 1,000 basic cases—:	***	***	***
Prices 1/——:	100	***	***

1/ Prices for 1985 and 1986 are average increases expressed as a percentage of 1984 prices, using an index of 100 for 1984.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Three producers, * * *, described the changes in their business projections that would occur if the countervailing duty order were revoked in September 1985.

* * * * * * *

Imports from Australia.—The Australian Government asserts that U.S. canners, including Tri/Valley Growers, approached Australian canned fruit producers for orders to supply canned fruit to the U.S. market to make up for shortfalls in U.S. production. 1/ According to the Australian Government, U.S. canners market at least 80 percent of these imports under their own label to institutional outlets.

1/ Prehearing brief of the Australian Government, p.86.

Respondents argue that Tri/Valley Growers was approached by Australian representatives who assured the U.S. canner that Australian producers were capable of expanding pear processing rates well over historical levels because of excess canning capacity and prospective surplus crop production. 1/

The Commission staff contacted five of the six importers of canned peaches, pears, and fruit mixtures from Australia. The sixth importer, * * *, did not provide information regarding imports of canned fruits from Australia. All five importers contacted indicated that imports are brought in to make up for production shortfalls due to light crops. All the importers contacted indicated that the domestic pear crop would be short this year, and that it would be necessary to import canned pears. According to the importers, while the peach crop is up from last year, the fruit is small and there may be a shortfall. The importers contacted suggested that if Australia has canned fruit to sell at a competitive price and if its quality remains high, Australian canned fruit will probably be an option for filling out domestic shortfalls.

The importers contacted stated that the institutional sector is the segment of the U.S. market which is expanding most rapidly and that U.S. production of canned fruits in the 6/10 institutional-size can has been inadequate to meet this growing demand. The importers added that retail demand for canned fruit is declining and there does not appear to be a domestic shortage in the retail market. In addition, one importer stated that * * *.

* * * provided data on production of canned peaches, pears, and fruit mixtures packed with sugar for the 6/10 institutional-size cans. From 1982 to 1983, when availability of fresh fruit for canning decreased and * * *, production of canned peaches, pears, and fruit mixtures packed with sugar in the 6/10 institutional-size cans * * *, as shown in the following tabulation (in thousands of cases, 6/10 cans):

Item	1982	1983	1984
Peaches	***	***	***
Pears	***	***	***
Fruit mixtures	***	***	***

From 1983 to 1984, total production of canned peaches, pears, and fruit mixtures packed with sugar produced by these * * * firms * * *. Production of * * * types of canned fruit in 6/10 cans * * * from 1983 to 1984: production of canned peaches in 6/10 cans * * * by * * * percent and production of canned pears in 6/10 cans * * *. Production of canned fruit mixtures in 6/10 cans * * * by * * * percent from 1983 to 1984. The 1984 production levels of peaches and fruit mixtures in 6/10 cans were * * * the production levels for 6/10 cans in 1982.

1/ Posthearing brief of the California Cling Peach Advisory Board, p.7.

All of the imports of canned pears and fruit mixtures from Australia in 1985 were packed in cases of 6/10 institutional-size cans; whereas, virtually 100 percent of the canned peaches imported from Australia were in cases of 24/2-1/2 cans.

APPENDIX A

THE LETTER REQUESTING THE INVESTIGATION

TELEGRAPHIC ADDRESS: AUSTEMBA
TELEX: W. U. 892621
TWX: 710-822-9295

THE MINISTER (COMMERCIAL)
1601 MASSACHUSETTS AVE., N.W.
WASHINGTON, D.C. 20036-2273

EMBASSY OF AUSTRALIA

IN REPLY QUOTE:
6/0/9

DOCKET NUMBER
#873
Office of the Secretary
Int'l Trade Commission

9 September 1982

RECEIVED
82 SEP 9 P4:07
OFFICE OF THE SECRETARY
DOCKET/USITC

Mr. Kenneth R. Mason
Secretary
International Trade Commission
701 "E" Street, N.W.
WASHINGTON. D.C. 20436

Dear Mr. Mason,

I have been instructed to request, on behalf of the Government of Australia, a review of a countervailing duty order on the sugar content of certain articles from Australia (Treasury Decision No. 76-167). The review is sought pursuant to the provisions of Section 104(b)1 of the Trade-Agreements Act of 1979.

For your information, this countervailing duty order is currently under review by the Department of Commerce as required by Section 751 of the Tariff Act of 1930. We have informed the Department of Commerce that the products on which a rebate is payable in Australia by the Export Sugar Committee are classified into two categories "Approved Fruit Products" and "Other Approved Products".

The current list of "Approved Fruit Products" is as follows: jams, canned fruits, citrus peel, crystallised (or glace) fruits, certain fruit cordials and fruit juices containing not less than 25 percent pure Australian juice.

The current list of "Other Approved Products" is as follows: alcoholic beverages, biscuits, cakes, puddings, pastries and similar mixtures and ingredients used to make them, chemicals derived from cane sugar by hydrolysis, chemical preparations used as inhibitors or stabilisers, condiments, confectionery, desserts and ingredients used to make them, drink powders and crystals, essences and flavourings, ice block mixture, leather, maple syrup, medicines and drugs, mixtures used to make icings, fillings, dressings and other foods, processed milk products, quick frozen fruits, soft drinks, soups, spreads, sweetened fruit pulp and other fruit products which are not "Approved Fruit Products" but which would have been "Approved Fruit Products" if, in the opinion of the Fruit Industry Sugar Concession Committee, they had been made entirely from Australian materials where available and were substantially manufactured from Australian fruit (e.g. jams or canned fruits made from imported fruit).

Yours sincerely,

(P.J. DIXON)
Minister (Commercial)

APPENDIX B

FEDERAL REGISTER NOTICES

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[Investigation No. 104-TAA-26]

Sugar Content of Certain Articles From Australia

AGENCY: International Trade Commission.

ACTION: Institution of a review investigation of an outstanding countervailing duty order and scheduling of a hearing to be held in connection with the investigation.

SUMMARY: Pursuant to section 104(b)(2) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note), the Commission hereby gives notice that it is instituting this investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of sugar content of certain articles from Australia[1] if the outstanding countervailing duty order regarding such merchandise were to be revoked.

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, part 207, subparts A and C (19 CFR part 207), and part 201, subparts A through E (19 CFR part 201, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: May 9, 1985.

FOR FURTHER INFORMATION CONTACT: Vera Libeau (202-523-0368), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

On March 24, 1923, the Department of the Treasury issued a countervailing duty order on the sugar content of certain articles imported directly or indirectly from Australia (T.D. 39641). Subsequent notices, the last of which was T.D. 79-216 (44 FR 45923, August 6, 1979), amended the countervailing duty rates. On January 1, 1980, the Trade Agreements Act of 1979 (Pub. L. 96-39) became effective. That act provided, in section 104(b), that "In the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) * * * which applies to merchandise which is the product of a country under the Agreement, and which is in effect on January 1, 1980; * * * the Commission, upon the request of the government of such a country * * * submitted within 3 years after the effective date of title VII of the Tariff Act of 1930 (January 1, 1980) shall . . . commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked." The Tariff Act of 1930 specifically validated prior decisions under section 303 of the Tariff Act of 1922. We interpret this validation as allowing review of outstanding countervailing duty orders issued pursuant to section 303 of the Tariff Act of 1922 in accordance with section 104(b) of the Trade Agreements Act of 1979.

On September 9, 1982, the Commission received such a request from the Government of Australia regarding sugar content of certain articles.

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules of practice and procedure (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rule (19 CFR § 201.16(c), as amended by 49 FR 32569, Aug. 15, 1984), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff Report

A public version of the prehearing staff report in this investigation will be placed in the public record on July 1, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

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[1] Imports covered by the review are "approved fruit products" and "other approved products" produced in Australia. The current list of "approved fruit products" includes the following items: jams, canned fruit, citrus peel, crystallized (or glace) fruits, certain fruit cordials and fruit juices containing not less than 25 percent pure Australian juice. The list of "other approved products" currently includes: alcoholic beverages, biscuits, cakes, puddings, pastries and similar mixtures and ingredients used to make them, chemicals derived from cane sugar by hydrolysis, chemical preparations used as inhibitors or stabilizers, condiments, confectionery, desserts and ingredients used to make them, drink powders and crystals, essences and flavorings, ice block mixtures, leather, icing sugar mixtures, maple syrup, medicines and drugs, mixtures used to make icings, fillings, dressings and other foods, processed cereal foods or vegetables, processed egg products, processed milk products, quick frozen fruits, soft drinks, soups, spreads, sweetened fruit pulp and other fruit products which are not "approved fruit products." Exceptions to the above are pure sugar and pure icing sugar (that is, not mixed with other manufacturing ingredients), golden syrup, treacle and molasses. These are regarded as sugar and sugar syrups.

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on July 18, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on June 19, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on June 24, 1985 in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is July 11, 1985.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32569, Aug. 15, 1984)).

Written submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on July 25, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before July 25, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.30 of the Commission's rules (19 CFR 207.30, as amended by 49 FR 32569, August 15, 1984).

By order of the Commission.

Issued: May 17, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-12971 Filed 5-29-85; 8:45 am]

BILLING CODE 7020-02-M

87

[C-602-001]

Sugar Content of Certain Articles From Australia; Final Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration/Import Administration Commerce.

ACTION: Notice of Final Results of Administrative Review of Countervailing Duty Order.

SUMMARY: On May 16, 1984, the Department of Commerce published in the Federal Register the preliminiary results of its administrative review of the countervailing duty order on the sugar content of certain articles from Australia. The review covered the period January 1, 1983, through December 31, 1983.

Interested parties were invited to comment on the preliminary results. We received no comments. Based upon our analysis, the final results of the review are the same as the preliminary results.

EFFECTIVE DATE: July 30, 1984.

FOR FURTHER INFORMATION CONTACT: Victoria Marshall or Joseph Black, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377–2786.

SUPPLEMENTARY INFORMATION:

Background

On May 16, 1984, the Department of Commerce ("the Department") published in the Federal Register (49 FR 20750) the preliminary results of its administrative review of the countervailing duty order on the sugar content of certain articles from Australia (T.D. 39541, March 24, 1923). The Department has now completed that administrative review, in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

Scope of the Review

Imports covered by the review are "approved fruit products" and "other approved products" produced in Australia. The current list of "approved fruit products" includes the following items: jams, canned fruits, citrus peel, crystallized (or glace) fruits, certain fruit cordials and fruit juices containing not less than 25 percent pure Australian fruit juice. The list of "other approved products" currently includes: alcoholic beverages, biscuits, cakes, puddings, pastries and similar mixtures and ingredients used to make them, chemicals derived from cane sugar by hydrolysis, chemical preparations used as inhibitors or stabilizers, condiments, confectionary, desserts and ingredients used to make them, drink powders and crystals, essences and flavorings, ice block mixtures, leather, icing sugar mixture, maple syrup, medicines and drugs, mixtures used to make icings, fillings, dressings and other foods, processed cereal foods or vegetables, processed egg products, processed milk products, quick frozen fruits, soft drinks, soups, spreads, sweetened fruit pulp and other fruit products which are not "approved fruit products." Exceptions to the above are pure sugar and pure icing sugar (that is, not mixed with other manufacturing ingredients), golden syrup, treacle and molasses. These are regarded as sugar and sugar syrups.

The review covers the period January 1, 1983, through December 31, 1983, and is limited to the program of rebate payments made through the Export Sugar Rebate System.

Final Results of the Review

Interested parties were invited to comment on our preliminary results. We received no comments. Based on our analysis, the final results of our review are the same as those presented in the preliminary results of review.

On September 10, 1982, the International Trade Commission ("the ITC") notified the Department that the Australian government had requested and injury determination for this order under section 104(b) of the Trade Agreements Act of 1979. Should the ITC find that there is material injury threat of material injury to an industry in the United States, the Department will instruct the Customs Service to assess countervailing duties in the amount of the estimated duties required to be deposited on all unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after September 10, 1982, and on or before the date of the ITC's notification to the Department of its determination.

The Department will instruct the Customs Service to collect cash deposits of estimated countervailing duties, as provided for by section 751(a)(1) of the Tariff Act, of Aus. $71.78 per metric ton of sugar content on approved fruit products and Aus. $82.20 on other approved products on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice. This deposit requirement shall remain in effect until publication of the final results of the next administrative review.

The Department intends to begin immediately the next administrative review. The suspension of liquidation previously ordered will continue for all entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after September 10, 1982.

The Department encourages interested parties to review the public record and submit applications for protective orders, if desired, as early as possible after the Department's receipt of the information in the next administrative review.

The administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: July 24, 1984.

Alan F. Holmer,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 84-[illegible] Filed 7-27-84; 8:45 am]

BILLING CODE 3510-DS-M

INTERNATIONAL TRADE COMMISSION

Request for Public Comment on Termination of Investigation No. 104-TAA-26, Concerning the Sugar Content of Certain Articles From Australia

AGENCY: International Trade Commission.

ACTION: The Commission requests public comments on the proposed termination of all or part of investigation No. 104-TAA-26, concerning the sugar content of certain articles from Australia. All comments must be received by the Commission no later than two weeks from the date of publication in the Federal Register.

SUPPLEMENTARY INFORMATION: Section 104(b) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note) requires the Commission to conduct an investigation upon receipt of a proper request to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports, if an outstanding countervailing duty order were to be revoked. On September 9, 1982, the Commission received such a request from the Government of Australia for a review of T.D. 39541 (March 24, 1923), as amended, which imposes a countervailing duty on the sugar content of certain articles imported directly or indirectly from Australia. Accordingly, effective May 8, 1985, the Commission instituted investigation No. 104-TAA-26, concerning the sugar content of certain articles from Australia.

Imports covered by the review are "approved fruit products" and "other approved products" produced in Australia. The current list of "approved fruit products" includes the following items: Jams, canned fruit, citrus peel, crystallized (or glace) fruits, certain fruit cordials and fruit juices containing not less than 25 percent pure Australian juice. The list of "other approved products" currently includes: Alcoholic beverages, biscuits, cakes, puddings, pastries and similar mixtures and ingredients used to make them, chemicals derived from came sugar by hydrolysis, chemical preparations used as inhibitors or stabilizers, condiments, confectionery, desserts and ingredients used to make them, drink powders and crystals, essences and flavorings, ice block mixtures, leather, icing sugar mixture, maple syrup, medicines and drugs, mixtures used to make icings, fillings, dressings and other foods, processed cereal foods or vegetables, processed egg products, processed milk products, quick frozen fruits, soft drinks, soups, spreads, sweetened fruit pulp and other fruit products which are not "approved fruit products." Exceptions to the above are pure sugar and pure icing sugar (that is, not mixed with other manufacturing ingredients), golden syrup, treacle and molasses. These are regarded as sugar and sugar syrups.

In light of the legislative history of section 704(a) of the Tariff Act of 1930 indicating Congress' expectation that the Commission will permit public comment prior to termination, the Commission requests written comments from interested parties (within the meaning of sections 771(9) (C), (D), or (E) of the Tariff Act of 1930), which represent an industry producing all or some of the subject products (within the meaning of section 771(4)(A)). It is expected that persons expressing an interest in this investigation will provide information regarding the issues of material injury or the threat thereof, by reason of the revocation of the countervailing duty order. The Commission will consider the comments received, as well as other relevant information, in determining whether to continue this investigation or any part thereof.

If the Commission terminates the investigation on all or some of the products covered by the countervailing duty order, the order will be revoked as to those products.

FOR FURTHER INFORMATION CONTACT: Stephen McLaughlin (202-523-0421), Office of the General Counsel, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

By order of the Commission.

Issued: May 31, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-13470 Filed 6-3-85; 8:45 am]

BILLING CODE 7020-02-M

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[Investigation No. 104-TAA-28]

Termination of Portions of the Investigation Regarding the Sugar Content of Certain Articles From Australia

AGENCY: International Trade Commission.

ACTION: Termination of portions of a review investigation under section 104(b) of the Trade Agreements Act of 1979, concerning the *Sugar Content of Certain Articles from Australia*.

EFFECTIVE DATE: July 12, 1985.

FOR FURTHER INFORMATION CONTACT: Stephen McLaughlin, Esq., (202-523-0421) Office of General Counsel, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION: On September 9, 1982, the International Trade Commission received a request from the Government of Australia under section 104(b) of the Trade Agreements Act of 1979 seeking a review of the outstanding countervailing duty order on the sugar content of certain articles from Australia. On May 30, 1985, the Commission published a notice in the **Federal Register** instituting a review investigation (Inv. No. 104-TAA-28) of that outstanding countervailing duty order (50 FR 23006). On June 4, 1985, the Commission published a notice in the **Federal Register** requesting public comment on the proposed termination of all or part of investigation No. 104-TAA-28 (50 FR 23533). That notice stated that, in the absence of an expression of interest by interested parties representing an industry producing all or some of the subject products, the Commission may terminate the investigation as to those products.

During the public comment period, expressions of interest were filed by interested parties representing industries producing canned pears, canned peaches, canned fruit mixtures, and semi-processed confectionery containing chocolate or cocoa as provided for in TSUSA item numbers 156.25, 156.3045, 156.3050, 156.3085, and 156.47. An expression of interest was also filed by the Apricot Producers of California, but it was subsequently withdrawn. No other comments were received. Accordingly, the Commission has determined to continue its review investigation, but to narrow the scope of that investigation to canned pears, canned peaches, canned fruit mixtures, and semi-processed confectionery containing chocolate or cocoa as provided for in the TSUSA items listed above. The investigation has, therefore, been terminated as to all other products covered by the outstanding countervailing duty order with a finding that no domestic industry would be materially injured or threatened with material injury, nor would the establishment of a domestic industry be materially retarded, by reason of the revocation of the countervailing duty order. Accordingly the Commission is requesting that the Department of Commerce revoke the countervailing duty order as to those products.

Issued: July 12, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-[illegible] Filed 7-16-85; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 104-TA-26]

Termination of Additional Portions of the Investigation Regarding the Sugar Content of Certain Articles From Australia

AGENCY: International Trade Commission.

ACTION: Termination of additional portions of a review investigation under section 104(b) of the Trade Agreements Act of 1979, concerning the *Sugar Content of Certain Articles from Australia.*

EFFECTIVE DATE: August 21, 1985.

FOR FURTHER INFORMATION CONTACT: Stephen McLaughlin, Esq., (202-523-0421), Office of the General Counsel, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION: On September 9, 1982, the International Trade Commission received a request from the Government of Australia under section 104(b) of the Trade Agreements Act of 1979 seeking a review of the outstanding countervailing duty order on the sugar content of certain articles from Australia. On May 30, 1985, the Commission published a notice in the **Federal Register** instituting a review investigation (Inv. No. 104-TA-26) of that outstanding countervailing duty order (50 FR 23006). On June 4, 1985, the Commission published a notice in the **Federal Register** requesting public comment on the proposed termination of all or part of investigation No. 104-TAA-26 (50 FR 23533). That notice stated that, in the absence of an expression of interest by interested parties representing an industry producing all or some of the subject products, the Commission may terminate the investigation as to those products.

During the public comment period, expressions of interest were filed by interested parties representing industries producing canned pears, canned peaches, canned fruit mixtures, and semi-processed confectionery containing chocolate or cocoa as provided for in TSUSa item numbers 156.25, 156.3045, 156.3050, 156.3065, and 156.47. An expression of interest was also filed by the Apricot Producers of California, but it was subsequently withdrawn. No other comments were received. Accordingly, the Commission determined to continue its review investigation, but to narrow the scope of that investigation to canned pears, canned peaches, canned fruit mixtures, and semi-processed confectionery containing chocolate or cocoa as provided for in TSUSA items listed above. The investigation was, therefore, terminated as to all other products covered by the outstanding countervailing duty order with a finding that no domestic industry would be materially injured or threatened with material injury, nor would the establishment of a domestic industry be materially retarded, by reason of the revocation of the countervailing duty order.

Subsequently, the expression of interest regarding semi-processed confectionery containing chocolate or cocoa as provided for in TSUSA item numbers 156.25, 156.3045, 156.3050, 156.3065, and 156.47 was withdrawn. Accordingly the Commission has determined to further narrow its review investigation to canned pears, canned peaches, and canned fruit mixtures. The investigation as to semi-processed confectionery has, therefore, been terminated with a finding that no domestic industry would be materially injured or threatened with material injury, nor would the establishment of a domestic industry be materially retarded, by reason of the revocation of the countervailing duty order regarding semi-processed confectionery. Accordingly, the Commission is requesting that the Department of Commerce revoke the countervailing duty order as to those products.

Issued: August 22, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-20815 Filed 8-28-85; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

CALENDAR OF PUBLIC HEARING

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CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Sugar Content of Certain Articles from Australia

Inv. No. : 104-TAA-26

Date and time: July 18, 1985 - 2:00 p.m.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

IN OPPOSITION TO THE REVOCATION OF THE OUTSTANDING COUNTERVAILING DUTY ORDER:

Heron, Burchette, Ruckert & Rothwell--Counsel
Washington, D.C.
on behalf of

The Cling Peach Advisory Board

Thomas Krugman, General Manager

Randy Fiorini, Grower

William Allewalt, President, Tri-Valley Growers

Joseph A. Vicario, Jr.
Carolyn B. Gleason }--OF COUNSEL

Thompson, Hine and Flory--Counsel
Washington, D.C.
on behalf of

The Bartlett Pear Canners Commmittee, an ad hoc group of U.S. Canners of Bartlett Pears

Independent Food Processors Corp., Yakima, WA
Pacific Coast Producers, Santa Clara, CA
Snokist Growers, Yakima, WA
Tri-Valley Growers, San Francisco, CA

Thomas J. Elliott, General Manager, Pacific Coast Canned Pear Service, Inc.

William Allewalt, President, Tri-Valley Growers

Lewe B. Martin--OF COUNSEL

- more -

IN SUPPORT OF THE REVOCATION OF THE OUTSTANDING COUNTERVAILING DUTY ORDER:

Cameron, Hornbostel and Butterman--Counsel
Washington, D.C.
on behalf of

Embassy of Australia, Washington, D.C.

Peter John Dixon, Minister (Commercial)

Dr. Eric N. Savage, First Secretary (Commercial)

Haset Sali, Chairman of Directors, SPC Ltd.

William K. Ince--OF COUNSEL

APPENDIX D

LETTERS WITHDRAWING REQUESTS TO CONTINUE THE INVESTIGATION

Apricot Producers of California
1762 Holmes Street
Livermore CA 94550
(415) 447 7660

June 27, 1985

Mr. Ken Mason, Secretary
U.S. International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

RE: Investigation #104-TAA-26

Dear Mr. Mason:

Apricot Producers of California has, at this time, chosen not to pursue the case against the removal of countervailing duties on sugar-containing imports from Australia.

We are concerned about the ramifications for affected industries that would result from the removal of the countervailing duty. However, the anticipated damage to the domestic apricot industry would be insufficient to warrant further investigation at this time.

Thank you.

Sincerely,

Lee Rose
Vice President of Operations
Apricot Producers of California

LR/cf

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REQUEST FOR
ACTION

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Office of the
Secretary
Intl. Trade Commission

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August 8, 1985

Mr. Ken Mason
c/o International Trade Commission
701 E Street, N.W.
Washington, DC 20436

Dear Secretary Mason:

My purpose in writing you today to withdraw from your investigation concerning the sugar containing products from Australia (investigation # 104-TAA-26). We feel that the question of imported sugar containing products from Australia and the rest of the world will be encompassed in the Section 22 investigation on imported sugar containing products.

It is my hope that the commissioners working on investigation #22-48 will find that the importation of chocolate bars weighing 10 lbs. or more (TSUS 156.25) and chocolate not containing butterfat (TSUS 156.3045) will also be judged as a threat to United States Agricultural Policy. These two categories are bulk products which hurt both the sugar quota and the USDAs milk support program. These chocolate products are not retail products and the 400% + growth in these categories since 1981 is not normal trade. With the tremendous price advantage in world milk and sugar prices over domestic supported milk and sugar we will continue to see the importation of these categories accelerate.

I want to thank you for your consideration on this matter.

Yours truly,

Tad Van Leer

Tad Van Leer

TVL;ms

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